

Washington, Tuesday, June 7, 1938

Rules, Regulations, Orders

TITLE 21-FOOD AND DRUGS BUREAU OF NARCOTICS

[Regulations No. 51]

Integration, Manufacture, Production, COLIPOUNDING, SALE, DEALING IN, DIS-PENSING AND GIVING AWAY OF OPIULI OR COCA LEAVES OR ANY COMPOUND, MANU-PACTURE, SALT, DERIVATIVE, OR PREPARA-TION THEREOF

JOINT HARCOTIC REGULATIONS MADE BY THE COLUMNISSIONER OF HARCOTICS AND THE COMPUSSIONER OF INTERNAL REVENUE WITH THE APPROVAL OF THE SECRETARY OF THE TREASURY

Effective Date, June 1, 1938

INTRODUCTORY

The Act of Congress approved December 17, 1914, as amended, known as the Harrison Narcotic Law, imposes special (occupational) taxes upon persons engaging in activities involving opium and coca leaves, and any compound, manufacture, salt, derivative, or preparation of opium or coca leaves. The law also imposes a stamp (commodity) tax upon any such materials which have been produced in or imported into the United States and sold, or removed for consumption or sale.

These regulations deal with details as to tax computation, procedure, the forms of records and returns, and similar matters. These matters in some degree are controlled by certain sections of the United States Revised Statutes and other statutes of general application. Provisions of these statutes, as well as of the Harrison Narcotic Law, are quoted, in whole or in part, as the immediate or general basis for the regulatory provisions set forth. The quoted provisions

¹Under the Act of December 17, 1914, as amended by Secs. 1005 and 1007 of the Act of February 24, 1919, Secs. 703 and 704 of the Act of February 25, 1926, Act of January 22, 1927, Sec. 432 of the Act of May 29, 1928, and Sec. 806 of the Act of June 22, 1836; and the Acts of March 3, 1927 and June 14, 1930.

are from the Harrison Narcotic Law, unless otherwise indicated.

Provisions of the statutes upon which the various articles of the regulations are based generally have not been repeated in the articles. Therefore, the ctatutory excerpts preceding the several articles should be examined to obtain complete information.

CHAPTER L LAWS APPLICABLE

ART. 1. Statutes applicable.—All general provisions of the internal revenue laws, not inconsistent with the Harricon Narcotic Law, as amended, are applicable in the enforcement of the latter.

CHAPTER IL DEPRITTIONS

See 1. * * * * Every person who imports, manufactures, compounds, or otherwise produces for cale or distribution any of the aforecald drugs chall be deemed to be an importer, manufacturer, or producer. Every person who cells or effect for cale any of said drugs in the original clamped packages, as hereinafter provided, chall be deemed a wholecale dealer.

Every person who cells or dispenses from

Every person who cells or disperses from original stamped pockages, as hereinafter provided, shall be deemed a retail dealer:

That the word "person" as used in this Act shall be construed to mean and include a partnership, association, company, or corporation, as well as a natural person;

ART. 2. As used in these regulations: (a) The term "act" or "this act" means the Act approved December 17, 1914, as amended, unless otherwise indicated.

(b) The term "narcotic," "narcotica" or "narcotic drugs" means opium or coca leaves, or any compound, manufacture,

calt, derivative, or preparation thereof. including "exempt preparations," defined below.

(c) The term "exempt preparations" means the preparations and remedies described in section 6 of the act, which contain not more than two grains of opium, or more than one-fourth of a grain of morphine, or more than oneeighth of a grain of heroin, or more than one grain of codeine, or any salt or derivative of any of them in one fluid or avoirdupois ounce, and liniments, ointments, or other preparations for external use only, except liniments, ointments, and other preparations which contain cocains or any of its salts or alpha or beta eucaine or any of their calts or any synthetic substitute for them, provided that such remedies and preparations are manufactured, sold, distributed, given away, dispensed, or processed as medicines and a record of all sales, exchanges, or gifts of such preparations and remedies is kept as provided in Article —.

(d) The term "exempt officials" includes officials of the United States, incular possessions, Territories, the District of Columbia, States and political cubdivicions. For provisions applicable to such officials, see Chapter VL)

(e) The term "collector" means col-

lector of internal revenue.

(f) The term "person" includes an individual, partnership, trust, association, company, or corporation; also a hospital, college of pharmacy, medical or dental clinic, sanatorium, or other institution or entity.

(c) The term "special tax" means any of the taxes, pertaining to the several occupations or activities covered by the Act, imposed upon persons who import, manufacture, produce, compound, sell, deal in, dispense, administer, or rive away narcotics.

(h) The term "stamp tan" means the tan on narcotics payable by attachment of ctamps.

(i) The term "practitioner" includ:3 a physician, dentist, veterinary surgeon, or any other person who may be lawfully entitled to distribute, dispanse,



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prescribe, or administer narcotics to patients.

(j) Words importing the singular may include the plural; words importing the masculine gender may be applied to the feminine or the neuter.

(k) The definitions contained herein shall not be deemed exclusive.

CHAPTER III. SPECIAL TAXES Registration

SEC. 3232. United States Revised Statutes. No person shall be engaged in, or carry on, provan or disapproval and, in case of 1325 any trade or business hereinafter mentioned disapproval, with a statement annexed

until he has paid a special tax therefor in the manner hereinafter provided.

SEC. 1. That on or before July 1 of each year every person who imports, manufactures, produces, compounds, sells, deals in, dispenses, or gives away opium or coca leaves, or any compound, manufacture, salt, deriva-tive, or preparation thereof, shall register with the collector of internal revenue of the district his name or style, place of business, and place or places where such business is to be carried on, and pay the special taxes hereinafter provided;

Every person who on January 1, 1919, is en-

gaged in any of the activities above enumergaged in any of the activities above enumerated, or who between such date and the passage of this act first engages in any of such activities, shall within 30 days after the passage of this act make like registration, and shall pay the proportionate part of the tax for the period ending June 30, 1919; and Every person who first engages in any of such activities after the passage of this act shall immediately make like registration and pay the proportionate part of the tax for the

pay the proportionate part of the tax for the period ending on the following June 30th.

ART. 3. Persons liable.-Liability to payment of special tax and registration attaches to every person who imports, manufactures, produces, compounds. sells, deals in, dispenses, administers, or gives away narcotics. As to the tax rates applicable to a person engaged in one or more of the foregoing activities see Article 13.

ART. 4. Manner and time of registration.—Every person required to register shall execute and file with the collector for the district in which he proposes to engage in any activity involving use of narcotic drugs, an application for registration on Form 678 or 678-A and pay the special tax or taxes enumerated in Article 13. Form 678-A shall be executed by new applicants and approved by the collector before the activity is commenced. Form 678 shall be executed and filed on or before the succeeding July 1, and annually thereafter as long as liability is incurred. These forms may be obtained from the collector.

ART. 5. Investigation of applicants.-All applications on Form 678-A shall be referred by the collector to the appropriate narcotic district supervisor for investigation, report and recommendation. Applications on Form 678 shall also be referred by the collector to the appropriate narcotic district supervisor for investigation, report and recommendation. if the collector is in doubt as to the applicant's being lawfully entitled to engage in the activity for which he seeks registration.

In the case of applications which have been so referred, the collector shall not issue a special tax stamp in connection with any registration until information has been submitted to him, by the narcotic district supervisor, that the applicant is properly licensed or otherwise lawfully entitled to engage in the activity in the district in which he seeks registration.

All applications for registration that are referred to the narcotic district supervisor shall be returned by him to the collector with recommendation for approval or disapproval and, in case of

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concerning applicant's lack of license or are sworn and subscribed to before a for the purpose of research, instruction, or qualification, to lawfully engage in the activity for which registration is sought. The application together with any required statement shall be returned to the collector within ten days from date of receipt of the application by the supervisor, unless a longer time shall be required within which to complete an investigation. In the latter event the district supervisor shall, upon or before the expiration of the said ten days, so notify the collector stating the estimated additional time required.

ART. 6. Evidence of qualification.—The application for registration of every person shall be supported by his affidavit, or acknowledgment executed in accordance with Article 9 showing that, under the laws of the jurisdiction in which he is operating or proposes to operate, he is legally qualified or lawfully entitled to engage in the activities for which registration is sought.

Sec. 3451. United States Revised Statutes.—Every person who simulates or falsely or fraudulently executes or signs any bond, permit, entry, or other document required by the provisions of the internal-revenue laws, or by any regulation made in pursuance thereof, or who procures the same to be falsely or fraudulently executed, or who advises, aids in, or connives at such execution thereof, shall be imprisoned for a term not less than one year nor more than five years; and the property to which such false or fraudulent instrument relates shall be forfeited.

ART. 7. False applications.—The false or fraudulent execution or signing of application for registration or supporting affidavit as required by the preceding article shall subject the offending person to the penalties provided by Section 3451 of the Revised Statutes.

ART. 8. Signatures-Individuals.-The application shall be signed by the person desiring registration.

Firms and corporations.—The application of a firm shall be signed by a member, that of a corporation by an officer duly authorized to act. The names of the real owners shall be disclosed if the business is being carried on under an assumed name or that of a former owner. If owned by a partnership, the name of each partner shall appear. In the case of a corporation the names of the principal officers shall be shown.

Institutions.-When an institution is subject to tax the head thereof or of the department wherein narcotic drugs are used shall sign the application for registration.

ART. 9. Oath—When required.—If the tax is more than \$10, the application shall be under oath. If the tax is not in excess of \$10, the application may be signed or acknowledged before two witnesses in lieu of an oath. The witnesses shall themselves sign the application in their capacity as such.

Execution.-The jurat may be executed by any officer authorized to administer oaths. No charge is made if documents required by these regulations use in a laboratory any of the aforesaid drugs or distribution is subject to tax as a

deputy collector or an internal-revenue agent.

ART. 10. Inventory required.—Every person, making application for registry or reregistry in any class (see Art. 13), except Classes I and II, shall, as of December 31 preceding the date of his application, or any date between December 31 and the date of applying for such registry or reregistry, prepare under oath or affirmation, in duplicate, an inventory of all narcotic drugs and preparations on hand at the time of making such inventory. The inventories shall be prepared on Form 713, copies of which may be obtained from collectors upon request. If the taxpayer is engaged in business in more than one class, a separate inventory shall be prepared for each class. A Class V registrant is not required to make an inventory of preparations or remedies exempt under section 6, but he is required to make an inventory of all nonexempt narcotic drugs and preparations in his possession. The original inventory shall be forwarded to the collector with the application for registration, and the duplicate shall be kept on file by the maker for a period of 2 years.

ART. 11. Registry numbers.-Upon approval of the application the collector will assign a registry number to the applicant. The numbers are issued serially without regard to classes. The same number shall be retained throughout all the consecutive periods for which the applicant may be registered. One registry number will cover all classes at the same location except Class IV, for which a separate registry number will be assigned. However, a person registering in Classes IV and V only will be assigned the same number for both classes. In the case of one engaged in business at two or more places, a separate number will be assigned for each place of business. The registry number of a person who discontinues operations will not be assigned to any other person for any portion of the same fiscal year.

ART. 12. Recording and filing.-Each approved application will be recorded by the collector on card Record 10 and the cards filed alphabetically. The applications will be filed numerically according to registry numbers. (See Art. 201.)

Classification

SEC. 1. * * Importers, manufacturers, producers or compounders, lawfully entitled to import, manufacture, produce, or compound any of the aforesaid drugs, \$24 per annum; wholesale dealers, lawfully entitled to sell and deal in any of the aforesaid drugs, \$12 per annum; retail dealers, lawfully entitled to sell and deal in any of the aforesaid drugs, \$22 per annum; physicians dentists drugs, \$3 per annum; physicians, dentists, veterinary surgeons, and other practitioners, lawfully entitled to distribute, dispense, give away, or administer any of the aforesald drugs to patients upon whom they in the course of their professional practice are in attendance, \$1 per annum or fraction there-of during which they engage in any of such activities; persons not registered as an importer, manufacturer, producer, or compounder and lawfully entitled to obtain and

analysis shall pay \$1 per annum, but such persons shall keep such special records relating to receipt, disposal, and stocks on hand of the aforesaid drugs as the Commissioner of Narcotics, with the approval of the Secretary of the Treasury, may by regula-tion require. Such special records shall be open at all times to the inspection of any duly authorized officer, employee, or agent of Treasury Department.

Every person who imports, manufactures, compounds, or otherwise produces for sale or distribution any of the aforesaid drugs shall be deemed to be an importer, manufacturer, or producer.

Every person who sells or offers for sale any of said drugs in the original stamped pack-ages, as hereinafter provided, shall be deemed a wholesale dealer.

Every person who sells or dispenses from original stamped packages, as here-inafter provided, shall be deemed a retail dealer:

SEC. 3237. United States Revised Statutes,

s amended by section 322, Act of June 26, 1936.

(a) All special taxes shall become due on the 1st day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for one year, and in the latter case it shall be reckoned proportionately, from the 1st day of the month in which the liability to a special tax commenced, to and including the 30th day of June following * * *. June following

ART. 13. Rates of tax.—Persons subject to tax are divided into classes as shown by the table below:

II	Class	Annual tax rate	Persons liable
tion or analysis.	I II IV V 1	12	Wholesale dealers. Retail dealers. Physicians, dentists, veterinary surgeons and other practitioners. Manufacturers of and dealers in exempt preparations (including

¹ Persons paying tax in any of the Classes I to IV, inclusive, are not required to pay tax in Class V on account of manufacture or sale of exempt preparations.

When business is done during the month of July, tax shall be paid for the full year. The tax in Classes IV or V is at the rate of \$1 a year or any fraction thereof, regardless of when business is first commenced. In Classes I to III, inclusive, and in Class VI, if business is commenced after the month of July, the amount due is to be reckoned proportionately by months from the first day of the month in which business is begun to July 1 following.

ART. 14. Importers.—Every person who imports narcotic drugs is subject to tax as an importer at the rate of \$24 per annum in Class I. A manufacturer or compounder who is also an importer is not thereby required to pay more than one tax.

ART. 15. Manufacturers and compounders .-- As a general rule, every person who, by compounding, mixing, or other process of manufacture, produces narcotic drugs or preparations for sale annum in Class I, with the following as a retail dealer will be incurred. exceptions as to retail dealers:

Prescription compounding.—Persons who have paid tax as retail dealers (see Art. 18) do not incur liability as manufacturers or compounders on account of compounding narcotic preparations to fill legitimate prescriptions of registered practitioners, even though the preparations are compounded in advance of receipt of prescriptions, so long as they are used for prescription purposes only.

Aqueous and oleaginous solutions. Persons qualified as retail dealers may also supply registered practitioners on order forms, or exempt officials on orders, in quantities not exceeding one ounce at any one time, with aqueous or oleaginous solutions, in which the narcotic content does not exceed a greater proportion than 20 per cent of the complete solution, to be used in legitimate office practice. In cases where the dealer is also registered in Class I or Class II, or both, these transactions should not appear in the monthly returns which he is required to make as a member of these last-named classes. The original order forms must be filed by the dealer with his narcotic prescriptions. Each package containing an aqueous or oleaginous solution so furnished must bear a label showing the date of the order, number of the order form if any, the name and proportion of narcotic drug contained in the solution, and the name, address, and registry number of the vendee and vendor, respectively.

16. Producers.—Every person ART. who produces narcotic drugs or preparations to be sold on order forms not by mixing or compounding but by merely transferring the contents of one package or of a number of packages to one or more packages of the same or of greater or smaller size is liable to tax as a producer at the rate of \$24 per annum in Class I. As to liability to stamp tax, see Article 51.

ART. 17. Wholesale dealers .- Every person who sells or offers for sale narcotic drugs or preparations in original stamped packages is subject to tax as a wholesale dealer at the rate of \$12 per annum in Class II.

ART. 18. Retail dealers.—Every person who sells narcotic drugs or preparations from original stamped packages, with or without compounding, pursuant to prescriptions written by registered practitioners in the course of professional practice only is liable to tax as a retail dealer at the rate of \$3 per annum in Class III, with the following exceptions:

Manufacturers.—One registered as a member of Class I. who is qualified under the laws of the jurisdiction in which his place of business is located to fill prescriptions, will be permitted to do so from original stamped packages of his own production without payment of tax as a retail dealer. If, however, prescriptions

manufacturer or compounder at \$24 per other person, additional liability to tax at the place of production or manufacture,

Practitioners.-A duly qualified practitioner (see Art. 19) is not required to pay additional tax on account of the sale of narcotic drugs for legitimate medical purposes to his own bona fide patients. A practitioner who operates a drug store and in his capacity as a druggist sells narcotic drugs or preparations, pursuant to prescriptions written by other practitioners, incurs additional liability as a retail dealer.

ART. 19. Practitioners. — Physicians. dentists, veterinary surgeons, and other practitioners, including institutions, who prescribe, distribute, dispense, give away, or administer narcotic drugs or preparations, and who are entitled to do so under the laws of the jurisdiction in which they practice, are subject to tax at the rate of \$1 per annum or fraction thereof in Class IV.

Interdistrict practice.—A practitioner maintaining an office where he is duly registered with the collector of the district in which the office is located, and where his complete stock of narcotic drugs and all narcotic records are kept, may distribute, dispense, give away, administer, or prescribe narcotic drugs in other collection districts in which he may be lawfully engaged in the practice of his profession, within the United States, in the course of his professional practice only, without incurring additional tax liability.

ART. 20. Laboratory use.—Chemists occupying an independent status and not that of employees, in other words. in business for themselves, who, being thereunto lawfully entitled, make analyses of narcotic drugs or preparations or use such drugs in analyzing other substances in a laboratory, and other lawfully entitled persons who obtain and use in a laboratory any narcotic drugs or preparations for the purpose of research, instruction, or analysis, if not registered in Class I and not manufacturing or compounding narcotic drugs or preparations for sale or for removal for consumption or sale, are liable to tax at the rate of \$1 per annum in Class VI.

Particular Situations

SEC. 1. (Cont.) * * * Provided. That the office, or if none, the residence, of any person shall be considered for the purpose of this Act his place of business; but no employee of any person who has registered and paid special tax as herein required, acting within the scope of his employment, shall be required to register and pay special

shall be reduced by this section: * * *

SEC. 3235. United States Revised Statutes.—The payment of the special tax imposed shall not exempt from an additional special tax the person carrying on a trade or business in any other place than that stated in the collector's register; but nothing herein contained shall require a special tax for the storage of goods, wares, or merchandise in other places than the place of business, nor, except as hereinafter provided, for the sale by manufacturers or producers are filled from packages produced by any of their own goods, wares, and merchandise,

at the place of production or manufacture, and at their principal office or place of business, provided no goods, wares, or merchandise shall be kept except as samples at said office or place of business.

Sign. 3236. United States Revised Statutes.—Whenever more than one of the pursuits or occupations hereinafter described are carried on in the same place by the

are carried on in the same place by the same person at the same time, except as hereinafter provided, the tax shall be paid for each according to the rates soverally prescribed.

Art. 21. Dual liabilities.—As a general rule, one conducting two or more classes of business at the same location must pay a separate tax with respect to each such class. However, see Article 13 as to Class V tax.

ART. 22. Several places of business .-Generally a taxpayer must pay as many special taxes as he has places of business. Thus if a concern has one or more separate branches where any of the various taxable businesses is carried on, tax must be paid for each branch separately. However, a manufacturer, compounder or producer who has paid tax as such, and who has a principal office or place of business separate and apart from the place where the actual manufacturing, compounding or producing is done, is not required to pay an additional tax with respect to such office or place of business, provided no merchandise except samples is kept thereat, on account of orders taken at such office or place of business for narcotics to be delivered from the place of manufacture, compounding or production. If sales are made at a principal office or place of business separate and apart from the place of manufacture, compounding or production, from stock kept at such office or place of business, tax as a wholesale or retail dealer, or both, as the case may be, must be paid with respect to such office or place of business.

ART. 23. Warehouses .- Tax does not attach with respect to a warehouse where narcotic drugs are stored, provided no sales are made at such place.

ART. 24. Itinerant venders.-No person is permitted to dispense or deal in narcotic drugs or preparations except upon orders received or engagements made at, with respect to, or by reason of, a fixed address. A peddler of such drugs or preparations will be regarded as incurring a separate tax liability and committing an additional offense at each place where a sale is made.

ART. 25. Partnerships.—A partnership is subject to the same tax liability as an individual. Should either of the partners also individually engage in a taxable activity, he will incur additional liability with respect to such activity.

ART. 26. Institutions .- Hospitals, colleges, medical and dental clinics, sanatoriums, and other institutions not exempt as public institutions are subject to the same special tax liability as other persons dealing or handling narcotic drugs or preparations in the same manthan agents, are liable to the taxes imposed. Employers and other principals will be regarded as responsible for the acts of employees and other agents within the scope of their employment.

ART. 28. Employees.—An employee of a person who has registered and paid tax will not himself incur liability to tax so long as he acts solely within the scope of his employment. However, an employee who, within or without the scope of his employment, does any unlawful act, will be held personally liable.

ART. 29. Nurses .- Nurses are regarded as agents of the practitioners or institutions under whose direction or supervision their duties are performed, and they are not permitted to register, nor are they permitted to be in possession of narcotic drugs or preparations except as such agents, or as patients. Any unused narcotic drugs left by a practitioner with a nurse, to be administered during his absence, upon discharge of the nurse must be returned to the practitioner, who will account for the drugs on his records. Any such narcotic drugs found in the possession of a nurse not at the time under the supervision of a practitioner shall be forfeited to the Government.

ART. 30. Traveling salesmen .- Traveling salesmen who merely solicit orders and forward them to their respective principals are not required to register or pay any tax.

SEC. 3243. United States Revised Stat-utes.—The payment of any tax imposed by the internal-revenue laws for carrying on any trade or business shall not be held to exempt any person from any penalty or punishment provided by the laws of any State for carrying on the same within such State, or in any manner to authorize the commencement or continuance of such trade or business contrary to the laws of such State or in places prohibited by mu-nicipal law; nor shall the payment of any such tax be held to prohibit any State from placing a duty or tax on the same trade or business, for State or other purposes.

ART. 31. Operation of State laws. Payment of special tax under Federal law confers no right or privilege to conduct business contrary to State law. The holder of a special-tax stamp issued by the Federal Government may still be punishable under a State law prohibiting or regulating the production, manufacture, or sale of narcotic drugs. On the other hand, compliance with State law affords no immunity under Federal law. Persons who engage in business in violation of the law of a State are, nevertheless, required to pay special tax as imposed under the internal-revenue laws of the United States.

Delinguent and False Returns

SEC. 3176. United States Revised Statutes as amended by Sec. 1103 of the Revenue Act of 1926 and by Sec. 619 (d) of the Revenue Act of 1928. * * If the failure to file a return (other than a return of income tax) or a list is due to sickness or absence, the collector may allow such further time, not exceeding 30 days, for making and filing the return or list as he deems proper. return or list within the time prescribed by within 10 days after issuance of Form 17 continue the business of a partnership,

ART. 27. Principals.—Principals, rather law, or precented by the Commissioner of Fract Notice and Demand) causes to an agents, are liable to the taxes improved ance of law, the Commissioner chall add to account 2 for cent penalty and interest area. the tax 25 per centum of its amount, except that when a return is filed after each time and it is shown that the failure to file it was due to a reasonable cause and not to willful neglect, no cuch addition chall be made to the tax. In case a false or fraudu-lent return or list is willfully made, the Commissioner shall add to the tax 59 per centum of its amount.

The amount so added to any tan shall be collected at the came time and in the came manner and es a part of the tax unless the tax has been paid before the discovery of the neglect, falsity, or fraud, in which case the amount so added chall be collected in the

same manner as the tax.

Sec. 406 of the Revenue Act of 1935.—In the case of a fallure to make and file an internal-revenue tax return required by law, within the time preceribed by law or presented by the Commissioner in pursuance of law, if the last date so presented for filling the return is after the date of the enactment of this Act, if a 25 per centum addition to the tax is prescribed by existing law, then there shall be added to the tax, in lieu of such 25 per centum: 5 per centum if the failure is for not more than 30 days, with an additional 5 per centum for each additional 30 days or fraction thereof during which failure continues, not to exceed 25 per centum in the agreeate.

Sec. 3184. United States Revised Statutes, as amended by Sec. 805 of the Recente Act ternal-revenue tax return required by law,

as amended by Sec. 805 of the Revenue Act of 1938.—Where it is not otherwise provided, the collector chall in person or by deputy, within ten days after receiving any life of taxes from the Commissioner of Internal Revenue, give notice to each person liable to pay any taxes stated therein, to be left at his dwelling or usual place of business, or to be sent by mail, stating the amount of such taxes and demanding payment thereof. If such person does not pay the taxes within ten days after the cervice or the canding by mail of such notice, it chall be the duty of the collector or his deputy to collect the said taxes with a penalty of five per centum ed-ditional upon the amount of taxes, and in-terest at the rate of six per centum per an-num from the date of such notice to the date of payment.

ART. 32. Delinquent returns.-Every person from whom a special-tax return is required who, without reasonable cause, fails to file such return on time is subject to certain panalties. Under section 406 of the Revenue Act of 1935 the penalty for delinquency is 5 per cent, if the failure is for not more than 30 days, and an additional 5 per cent for each additional 30 days, or fraction thereof, during which the delinquency continues, not to exceed 25 per cent in the aggregate.

ART. 33. Sickness or absence.-- If the collector is satisfied that failure to file a return is due to sickness or absence, he may extend the time for not more than 30 days. Since any member of a firm may make the return, sickness or absence of less than all the members of a firm will not relieve from liability to the penalty for failure to make return, nor afford ground for extension of time.

ART. 34. Failure of agent.—If an attorney or agent is delegated to make a return and pay special tax, the principal will incur the penalty if the return is tions stated: not filed within the time prescribed by law.

ART. 35. Delinquent payment.—Failure to pay the amount of an assessment at the rate of 6 per cent per annum from the date of such notice to the date of payment.

Arr. 36. False returns.—For making a felce or fraudulent return additional liability amounting to 50 per cent of the total tax is incurred. If a return covers only a portion of a year or period for which liability is incurred, the return is falce as a whole and not merely as to that portion of the year or period omitted.

Ann. 37. When penalty accrues.-In view of the positive language of section 1 of the Act, all persons engaging in business under this Act will be regarded as delinquent, and the penalties provided are applicable, unless applications are filed not later than July 1 of each year or on or before the date upon which liability is incurred.

Changes After Tax Payment

Sec. 3241. United States Excled Stat-When any porson who has paid the excell tax for any trade or business dies, his wife or child, or executors or coministraters or other legal representatives, may essuing the house or premises, and in like manner carry on, for the residue of the term for which the tax is paid, the same trade or business as the decreased before carried on, in the came house, and upon the came premises, without the payment of any additional tax. And when any person re-moves from the house or premises for which moves from the hours or premises for which any trade or business was taxed to any other place, he may carry on the trade or business feacified in the collector's register at the place to which he removes without the payment of any additional tax: Provided, Tantall eaces of death, change, or removal, as aforerald, with the name of the successor to any person deceased, or of the person making such change or removal shall be registered with the collector, under regulations to be presented by the Commissionar of Internal Revenue.

Arr. 38. Change of control.—Certain percons other than the taxpayer may, without incurring additional liability, carry on the business at the same address and for the remainder of the period for which special tax was paid. To secure such right the party or parties continuing the business must execute. within 30 days, a return on Form 678-A, showing the basis of the right. Under the conditions indicated the parties having such right include the following:

- (1) The relict, children, or other legal representatives of a deeased taxpayer.
- (2) A receiver or referee in bankruptcy, or an assignee for the benefit of creditors.
- (3) The partner or partners remaining after death or withdrawal of a member.

Special tax, reckoned from the first day of the month in which the change occurs, is incurred and must be paid by the parties indicated under the condi-

- (1) Where additional partners are taken into a firm operating under the old or a new firm name.
- (2) Where a corporation is formed to

(3) Where a stockholder or other party continues a business previously conducted by a corporation, whether or not the corporation is dissolved.

ART. 39. Qualification of successor .-No collector will issue a special-tax stamp to any person who desires to carry on business as shown in the last paragraph of Article 38 until the collector is satisfied that such person is lawfully entitled to obtain registration.

ART. 40. Change of name or location .-The name of an individual, firm, or corporation that has paid special tax may be changed, or a special-tax payer may relocate his place of business, without incurring additional tax liability, provided the change is registered with the collector.

ART. 41. Registration.—A special-tax payer who changes his name or relocates his place of business shall within 30 days execute a new return on Form 678-A. marking it "Revised Registry". The return shall set forth the date of change and the new name or address. The return shall be forwarded with the specialtax stamp to the collector who issued the stamp for recording the change.

ART. 42. Removal within district. Where a taxpayer removes his business to another address within the district the collector will enter on his Record 10 the new address and the date of removal, and will note the change on the face of the special-tax stamp which he will return to the taxpayer.

ART. 43. Removal to another district.-Where a taxpayer removes his business to another district the collector who issued the stamp will enter on his Record 10 the new address and date of removal, and will transmit the stamp to the collector of the district to which the taxpayer removed. The collector of that district will then make entry on his Record 10, as in the case of a new registrant, and note the taxpayer's new address and the collector's name, title, and district, and the date, on the stamp, which will be returned to the taxpaver.

ART. 44. Liability for failure to register change.-- A person succeeding to a business for which tax has been paid, or a taxpayer who relocates his business, without registering the change within 30 days, as required by Articles 38 and 41, respectively, will be liable to the tax, to the penalty set forth in Article 32 for failure to make return, and also to penalty for carrying on business without payment of tax.

Special Tax Stamps

Sec. 3238. United States Revised Statutes .- All special taxes imposed by law, including the tax on stills or worms, shall be paid by stamps denoting the tax, and the Commissioner of Internal Revenue is required to procure appropriate stamps for the payment of such taxes; and the provisions of sections thirty-three hundred and twelve and thirty-four hundred and forty-six, and

or a new charter is issued to a former gars, shall, so far as applicable, extend to tax to be paid by the importer, manufactorporation.

(A) When a stockholder or other gars, shall, so far as applicable, extend to tax to be paid by the importer, manufactorporation.

(A) When a stockholder or other gars, shall, so far as applicable, extend to tax to be paid by the importer, manufactorporation. shall have authority to make all needful regulations relative thereto.

> ART. 45. Issuance of stamps.—Stamps covering special taxes are issued in two forms, with and without coupons. Stamps without coupons are for use in cases where the full tax is always due regardless of the period covered. Coupon stamps are for use in cases where the tax may be prorated. The coupon stamps are issued to registrants in Classes I, II, III, and VI, and the stamps without coupons to registrants in Classes IV and V.

> Collectors will distinctly write or print on the stamp, before it is issued, the taxpayer's name, address, and registry number, and the number of the class or classes in which registered.

> Sec. 3239. United States Revised Statutes. as amended by Sec. 26 of the Act of October 1, 1890.-Every person engaged in any business, avocation, or employment, who is thereby made liable to a special tax, shall place and keep conspicuously in his establishment or place of business all stamps denoting the payment of said special tax; and any person who shall, through negligence, fail to so place and keep said stamps, shall be liable to a penalty equal to the special tax for which his business rendered him liable and the costs of prosecution; but in no case shall said penalty be less than ten dollars. And where the failure to comply with the foregoing provision of law shall be through willful neglect or refusal, then the penalty shall be double the amount above prescribed: *Pro*vided, That nothing in this section shall in any way affect the liability of any person for exercising or carrying on any trade, business, or profession, or doing any act for the exercising, carrying on, or doing of which a special tax is imposed by law, without the payment thereof.

ART. 46. Posting of stamps.—Every special tax stamp issued to a taxpayer must be kept posted conspicuously on the premises where the business is operated. One who fails so to post a stamp thereby incurs liability to a penalty, equal to and in addition to the tax, plus the costs of prosecution; but in no case shall the penalty (not including the costs of prosecution) be less than \$10. Where the failure is willful the penalty is doubled. This liability is additional to any and all liability otherwise incurred.

ART. 47. Loss of stamp.—If a taxpayer loses his special-tax stamp, or if it is accidentally destroyed, he shall immediately notify the collector, who will issue a certificate of payment, Form 785, which must be displayed in lieu of the stamp. Unless a certificate is so obtained and displayed liability for failure to display special-tax stamp will be incurred.

CHAPTER IV. COMMODITY TAXES

Rates of Tax

Sec. 1. * * That there shall be levied, assessed, collected, and paid upon opium, coca leaves, and compound, salt, de-rivative, or preparation thereof, produced in or imported into the United States, and sold, and thirty-four hundred and forty-six, and or removed for consumption or sale, an all other provisions of law relating to the preparation and issue of stamps for distilled per ounce, and any fraction of an ounce in spirits, fermented liquors, tobacco, and ci- a package shall be taxed as an ounce, such

to be represented by appropriate stamps, to be provided by the Commissioner of Inter-nal Revenue, with the approval of the Secnal Revenue, with the approval of the Sceretary of the Treasury; and the stamps herein provided shall be so affixed to the bottle or other container as to securely scal the stopper, covering, or wrapper thereof. The tax imposed by this section shall be in addition to any import duty imposed the stopped drives.

on the aforesaid drugs.

on the aforesaid drugs.

It shall be unlawful for any person to purchase, sell, dispence, or distribute any of the aforesaid drugs except in the original stamped package or from the original stamped package; and the absence of appropriate tax-paid stamps from any of the aforesaid drugs shall be prima facie evidence of a relation of this continuation. of a violation of this section by the person in whose possession same may be found; and the possession of any original stamped package containing any of the aforcald drugs by any person who has not registered and paid special taxes as required by this section shall be prima facie evidence of liability to such special tax: Provided, That the provisions of this paragraph shall not apply to any person having in his or her possession any of the aforesaid drugs which have been obtained from a registered dealer in pursuance of a prescription, written for legitimate medical uses, issued by a physician, dentist, veterinary surgeon, or other practitioner registered under this act; and where the bottle or other container in which such drug may be put up by the dealer upon said prescription bears the name and registry number of the druggist, serial number of prescription, name and address of the patient, and name, address, and registry number of the person writing said prescrip-tion; or to the dispensing, or administration, or giving away of any of the aforesald drugs to a patient by a registered physician, den-tist, veterinary surgeon, or other practitioner in the course of his professional practice, and where said drugs are dispensed or ad-ministered to the patient for legitimato medical purposes, and the record kept as required by this act of the drug so dis-pensed, administered, distributed, or given

ART. 48. Scope of tax.-The tax attaches to all narcotics domestically manufactured or produced, and all narcotics imported in crude or manufactured form.

A new tax liability will attach whenever a new derivative, compound, or preparation is produced, whether or not tax has been paid on the component ingredients or parts thereof. Thus imported opium is subject to one tax, morphine produced in this country from such imported opium is subject to another tax, a preparation manufactured by the use of such morphine also will be subject to tax, and so on.

Preparations and remedies coming within the provisions of section 6 of the Act are not subject to the tax. Arts. 180 to 182, incl.)

ART. 49. Repacking.-Repacking narcotics is production within the intent of the Act, and narcotics so produced are taxable, regardless of any tax previously paid thereon.

Retail druggists may, under the conditions indicated in Article 15 under heads of "Prescription compounding" and "Aqueous and oleaginous solutions" fill prescriptions and supply solutions for office practice without payment of tax on the narcotics furnished in such manner.

ART. 50. International movements-Exports.—Manufactured narcotic drugs or preparations which are subsequently exported are subject to tax whether manufactured expressly for export or not.

In-transit shipments.-Narcotic merchandise arriving in a port of the United States, shown by the shipping papers, i. e., either the bill of lading, manifest, or invoice, to be intended for transportation through the port, or through the United States or territorial waters thereof, to another country, and which is permitted by the Commissioner of Narcotics to be transported to a foreign destination, is not subject to tax.

ART. 51. Persons liable.—The tax on imported narcotics is to be paid by the importer. The tax on narcotic drugs domestically manufactured, produced, or compounded, is payable by the manufacturer, producer or compounder.

ART. 52. Time of payment-Importations.—The tax on imported narcotics must be paid before removal from customs custody.

Manufactured products.-The tax on narcotics domestically manufactured. produced, or compounded must be paid before sale or removal for consumption or sale.

ART. 53. Amount of tax.—The tax is 1 cent per ounce or fraction thereof in each package constituting a taxable unit. (See Article 54.) For instance, the tax on a package containing 51/2 ounces will be 6 cents: The tax on a package containing less than 1 ounce will be 1 cent. The tax is measured by the entire drug content of a taxable package or container, not by the weight of the narcotic content therein.

ART. 54. Unit of tax.-With the exception noted below, the taxable unit is the smallest individual package or container. Thus if a manufacturer sells a preparation in packages containing one-tenth of an ounce each and puts 10 such packages into a larger container, it is not sufficient to place a stamp of the denomination of 1 cent on the outer container, but each of the inner packages must be separately stamped.

Ampoules .- When ampoules or other hermetically sealed units, each containing only a single dose, are put up in packages holding not more than 12 such units, tax may be paid on the joint contents of the entire number of units by affixing a stamp or stamps to the outer package or container.

ART. 55. Manner of payment.-The tax is paid by attachment to the package forming the taxable unit of a stamp or stamps in sufficient amount. One or more stamps of an appropriate size shall be so affixed as to securely seal the package. In the case of bottles, cans, or other containers with stoppers, lids, or other removable closing devices the stamp or stamps shall seal the stopper, lid, or other closing device at two opposite points.

ART. 56. Kinds of stamps.—Adhesive strip stamps are issued in the following denominations and sizes:

Sizes	Denominations
1½ by ¼ inches 2½ by ¾ inches 4 by ½ inches	1 cont.
215 by 35 inches	. 1 and 2 cent.
4 by !; inches	1, 2, 5, 6, 8, 10,
	and 16 cent.
6 by % inches	1, 2, 5, 6, 8, 10,
16, 25, and 40 cent.	and Cland SL23

Ann. 57. Procurement of stamps. Stamps for affining to packages or containers of narcotics will be furnished only on requisition of persons registered in Class I. The stamps are not transferable except to a successor in business who has registered and paid tox in Class I at the same location, but unuced stamps may be redeemed. See Art. 191. The requisitions shall be made on Form 786. Blank requisition forms may be procured from collectors. Collectors will preserve the requisitions and keep a record of the total quantity of stamps secured by each person making requiritions.

ART. 58. Elarking containers .original stamped package containing a narcotic drug unmixed with other ingredients shall show the name or kind of narcotic drug contained therem. If the narcotic drug is mixed with come other ingredient or ingredients the kind and quantity of narcotic to the cunce shall be shown unless the preparation is prepared in accordance with the United States Pharmacopoeia or the National Formulary. If the preparation contains more than one kind of narcotic, the name and quantity of each to the ounce shall be indicated. If the drug or preparation is in tablet, pill, ampoule, or suppository form, the quantity of each unit shall be given; if such information is given it will not be necessary, so far as this act is concerned, for the entire net weight of the contents to be shown. The packages and their contents will, however, be subject to the provisions of the Food and Drugs Act and regulations issued thereunder.

ART. 59. Indentification numbers.—The manufacturer or producer of cach package containing one ounce or more of morphine or cocaine or any of their salts or derivatives, and each package containing tablets, pills, or preparations, the morphine or cocaine content of which amounts to one ounce or more, shall place thereon his name and location, and an individual identification number, and shall make record of such number together with the name and address of the purchaser, so arranged that upon disclosure of the identification number the identity of the purchaser can be readily ascertained. Liliewise a wholczale dealer shall keep a record showing as to each such package of which he disposes, the manufacturer's name, location, and identification number, the name and address of the purchaser, and the date of disposal, so arranged that upon disclosure of the identity of the manufacturer and the identification number, the identity of the purchaser can be readily accertained. Such records shall not be made a part of the monthly returns of such manufacturer, producer, or wholesale dealer, and the name and address of the patant

but chall constitute separate permanent records.

Sec. 1. . . . And all the provisions of calculary laws relating to the engraving, is-cusing, cale, assumtability, consultation, and destruction of tan-paid stamps provided for in the informal revenue laws are, in 50 for co recovery, hereby estended and made to supply to stamps provided by this section.
See. 813. Ferenue Act of 1920. — Who-

(c) Willfully removes, or alters the con-celation or defecing marks of, or otherwise prepares, any adherive stamp, with intent to une, or cause came to be used, after it has been already used, or importingly or willfully buys, solls, offers for sells, or gives away, any such washed or restored stamp to any person

cuen wherhed or removed stamp to any purson for use, or inswingly uses the same;

(d) Knowingly and without lawful excuse (the burden of preof of such excuse heing on the essueed) has in presention any which has been removed, or altered stamp, which has been removed from any veilum, purchament, paper, instrument, writing, package, or article;

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Is guilty of a mirfomeanor, and upon conviction chall be punished by a fine of not more than \$01,000, or by imprisonment for not more than five years, or both, and any such reused, conceled, or counterfeit stamp and the valum, purchanent, decument, payer, package, or criticle upon which it is placed or impreceed chall be forfeited to the United States. Is guilty of a mirfrmeanor, and upon con-

Art. 60. Cancellation of stampe-Stamps will be canceled by noting thereon in red or black ink or by perforation the full or abbreviated name of the manufacturer, producer, or compounder, and the date of cancellation.

Arr. 61. Rouce of stamps prohibited.-A stamp once affixed to one package or container cannot lawfully be removed and affixed to another. As to refunds of amounts paid for stamps, see Article 191.

CHAPKER V. ORDER FOREIS

Procurement of Order Forms

See. 2. That it chall be unlowful for any FULLAR to cell, barter, exchange, or give away any of the aforecald drugs except in purcuance of a written order of the person to thom such article is cald, bartered, exto thom such article is cald, bertered, exchanged, or given, on a form to be issued in blank for that purpose by the Commissioner of Internal Revenue. Every person who chall accept any such order, and in pursuance thereof shall sell, barter, exchange, or give away any of the aforemid drugs, chall preceive such order for a puried of two years in such a way as to be realify assemble to increation by any officer, each, or employee of the Treasury Department duly authorized for that purpose, and the State, Territorial, Diright, municipal, and incular officials named in section 5 of this left. Every person who shall give an order as harding provided to any other person for any of the aforesaid drugs shell, at or before the time of giving such order, make or cause to be made a duplicate thereof on a form to be insued in blank for that purpose cauch to be incide a duplicate thereof on a form to be incued in blank for that purpose by the Commitmioner of Internal Revenue, and in case of the ecceptance of such or-der, chall preserve such duplicate for said and to very case in such a way as to be readily accordible to inspection by the of-ficer, epants, employers, and officials here-therefore mentioned. Utahlar contained in ficer, events, employers, and officials here-interfore mentioned. Nothing contained in

to whom such drugs are dispensed or distributed, except such as may be dispensed or distributed to a patient upon whom such physician, dentist, or veterinary surgeon shall personally attent; and such record shall be kept for a period of two years from the date of dispensing or distributing such drugs, subject to inspection, as provided in this Act.

this Act.

(b) To the sale, dispensing, or distribution of any of the aforesaid drugs by a dealer to a consumer under and in pursuance of a written prescription issued by a physician, dentist, or veterinary surgeon registered under this Act: Provided, however, That such prescription shall be dated as of the day on which signed and shall be signed by the physician, dentist, or veterinary surby the physician, dentist, or veterinary sur-geon who shall have issued the same: And provided jurther, That such dealer shall preserve such prescription for a period of two years from the day on which such prescription is filled in such a way as to be readily accessible to inspection by the officers, agents, employees, and officials hereinbefore mentioned.

(c) To the sale, exportation, shipment, or delivery of any of the aforesaid drugs by any person within the United States or any Territory or the District of Columbia or any of the insular possessions of the United States to any person in any foreign country, regulating their entry in accordance with such regulations for importation thereof into such foreign country as are prescribed by said country, such regulations to be promul-gated from time to time by the Secretary of

State of the United States.

(d) To the sale, barter, exchange, or giving away of any of the aforesaid drugs to any officer of the United States Government or of any State, Territorial, district, county, or municipal or insular government lawfully engaged in making purchases thereof for the various departments of the Army and Navy, the Public Health Service, and for Government, State, Territorial, district, county, or municipal or insular hospitals or

prisons.

The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall cause suitable forms to be prepared for the purposes above mentioned, and shall cause the same to be distributed to and shall cause the same to be distributed to collectors of internal revenue for sale by them to those persons who shall have registered and paid the special tax as required by section one of this Act in their districts, respectively; and no collector shall sell any of such forms to any persons other than a person who has registered and paid the speclai tax as required by section one of this Act in his district. The price at which such forms shall be sold by said collectors shall be fixed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, but shall not exceed the sum of \$1 per hundred. Every collector shall keep an account of the number of such shall keep an account of the number of such forms sold by him, the names of the purchasers, and the number of such forms sold to each of such purchasers. Whenever any collector shall sell any of such forms, he shall cause the name of the purchaser thereof to be plainly written or stamped thereon before delivering the same; and no person other than such purchaser shall use any of said forms bearing the name of such purchaser for the purpose of procuring any of said forms bearing the name of such purchaser for the purpose of procuring any of the aforesaid drugs, or furnish any of the forms bearing the name of such purchaser to any person with intent thereby to procure the shipment or delivery of any of the aforesaid drugs. It shall be unlawful for any person to obtain by means of said order forms any of the aforesaid drugs for any purpose other than the use, sale, or distribution thereof by him in the conduct of a lawful business in said drugs or in the legitimate practice of his profession.

mate practice of his profession.

The provisions of this Act shall apply to the United States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, the insular possessions of the United States, and the Canal Zone. In Puerto Rico and the Philippine Islands

lection of the said special tax, and the issuance of the order forms specified section two shall be performed by tappropriate internal-revenue officers the appropriate internal-revenue officers of those governments, and all revenues collected hereunder in Puerto Rico and the Philippine Islands shall accrue intact to the general governments thereof, respectively. The courts of first instance in the Philippine Islands shall possess and exergise jurisdiction in all cases existing under cise jurisdiction in all cases arising under this Act in said islands. The President is authorized and directed to issue such Executive orders as will carry into effect in the Canal Zone the intent and purpose of this Act by providing for the registration and the imposition of a special tax upon all persons in the Canal Zone who produce, import, compound, deal in, dispense, sell, distribute, or give away opium or coca leaves, their saits, derivatives, or preparations. The President is further authorized and directed to issue such Executive orders as will permit those persons in the Virgin Islands of the United States leavilly en-Islands of the United States lawfully entitled to sell, deal in, dispense, prescribe, and distribute the aforesaid drugs, to obtain said drugs from persons registered under this Act within the continental United States for legitimate medical purposes, without regard to the order forms described in this section.

ART. 62. Written order required.-Except as otherwise provided, order forms are required for all sales or other dispositions of narcotic drugs.

ART. 63. By whom procurable.—Blank forms may be obtained only by persons who are duly qualified and registered under this Act and have legitimate use therefor. Order forms will not be furnished to persons registered in Class V who are not manufacturers.

ART. 64. Manner of procurement.-A person desiring and entitled to receive order forms should submit requisition on Form 679 to the collector of the district in which he is doing business. The order forms are issued in books each containing 10 original and 10 duplicate forms. Blank requisitions, Form 679, may be obtained from the collector. The requisition shall show the taxpayer's name, address, registry number and class, and the number of books of order forms desired. A charge of 10 cents is made for each book of order forms, and the requisition should be accompanied by remittance of the proper amount in the form of a certified check, cash, or money order.

ART. 65. Signing of requisitions.—Generally requisitions for order forms shall be signed by the same person or persons signing the application for registration (see Art. 8). However, they may be signed by another person authorized by power of attorney previously filed with and approved by the collector. power of attorney shall be executed in the same manner as applications for registration, shall show the signature of the person thereby authorized to sign requisitions for order forms, and shall affirm that the signature so shown is his signature.

ART. 66. Signatures to be compared. Upon receipt by the collector of a requisition for order forms the signature on such requisition shall be compared with that appearing on the application for the administration of this Act, the col-registration or in the power of attorney filled.

(see Art. 65). Unless the collector is satisfied that the requisition is authentic it will not be honored.

ART. 67. Procedure regarding order forms.—Upon receipt of a properly executed requisition, accompanied by a sum sufficient to cover the cost of the order forms desired, the collector will issue the order forms requested. Before issuing the order forms the collector will cause to be shown thereon in a legible and permanent manner the name, address, registry number, and class number or numbers of the person to whom they are supplied, also the date of issuance and his signature or his name and the initials of the issuing employee.

ART. 68. Requisitions to be filed.—The collector will stamp each requisition with the date when filed, enter thereon the first and last serial number of the order forms sold in pursuance thereof, and file all requisitions alphabetically according to the name of the purchaser.

Execution of Order Forms

ART. 69. Execution of forms .- Order forms are issued in duplicate and shall be executed in duplicate. They are arranged to permit the execution of the original and duplicate simultaneously by insertion of a carbon sheet. The original shall not leave the possession of the person executing it until the duplicate is

The attachment of extra sheets to order forms is not permitted. If one order form is not sufficient to include all the items of an order, a second form shall be used. The order forms are intended solely to cover disposition of narcotic drugs and preparations to registered persons. They shall not in any case be used as prescriptions.

ART. 70. Manner of preparations,-The order forms shall become a part of the permanent records of the registrant filling them, and are required by law to be kept available for inspection for a period of two years. The manufacturer or wholesale dealer should insist for his own protection that the order forms be prepared in such manner as to render their subsequent alteration both difficult of accomplishment and easy of detection. Purchasers also should be careful to protect order forms signed by them against subsequent alteration. Official order forms for the purchase of taxable narcotic drugs should therefore be prepared by the use of typewriter, ink, or indelible pencil, and manufacturers and wholesale dealers should return unfilled any order form executed in a less permanent manner.

ART. 71. Date.-The full and exact date when the order form is actually made out shall be inserted by the purchaser. Purchasers are also required to enter, in the space provided therefor at the bottom of the form, the number of items ordered. If in any case the number of items has not been so entered by the purchaser, the order form shall be returned for completion before it is

chaser.—The name, address, registry and class numbers, and district of the shall never be counted on the form as purchaser as inserted by the collector shall not be changed by either the purchaser or consignor in any manner on the form may be sent only to the person designated by the collector and name of the purchaser, as registered with the collector, and as entered by the on the first line in the lower right-hand space of the form, except where the form is signed personally by an indiline may be left blank. The signature of an individual purchaser acting personally, or of an individual acting for a registrant, whether acting under power of attorney or otherwise authorized, shall be entered on the second line the purchaser. of the lower right-hand space.

ART. 73. Signing of order forms.— Official narcotic order forms shall be signed by the purchasing registrant with ink or indelible pencil. The signature shall be in the same form as on the application for registration.

The signing of such forms merely with a firm, corporate or trade name. without indication of personal responsibility, is not permissible, but the signature of the person signing the application for registration must appear. However, they may be signed by another person authorized by power of attorney previously filed with and approved by the collector. The power of attorney shall be executed in the same manner as applications for registration, shall show the signature of the person thereby authorized to sign order forms, and shall affirm that the signature so shown is his signature. The signature of the responsible individual may not be printed or stamped on the order form, but must be shown in his own handwriting.

ART. 74. Qualifications of purchaser. The purchaser shall at the time the order is submitted be registered under the Act at the location, in the classes and under the registry number specified thereon by the collector, and shall have paid the special taxes necessary to qualify him in such classes for the fiscal year ending on the following June 30. The purchaser shall likewise be qualified for the fiscal year within which the merchandise is received. Any person executing and presenting for filling an order form who at the time of such presentation is not so registered and has not paid the necessary special taxes will be liable to the panalties provided by law.

ART. 75. Items.—Only one item shall be entered on each numbered line and not more than 10 items shall be en-

always be regarded as a single item and two or more items. A separate item shall be made for each article of differwhatsoever. The merchandise requested items entered on the form chall be ment thereon, by any person. The merstated by the purchaser in the space chandles requested on an order form may provided near the bottom of the form not be furnished if the form shows any at the location specified by him. The for that purpose. The purchaser shall alteration or eracure, or evidence of any show with respect to each item the number of stamped packages, the cize of each collector on the form, shall be shown package in terms of pounds, cunces, grains, pills, or tablets (indicating size in case of pills or tablets), if in a solid form, or in terms of gallons, quarts, vidual registrant in which event this pints, or ounces, if in liquid form; the name of the article desired, and the name and quantity of the narcotle drug the catalogue number is optional with

> ART. 76. Dishonored order forms. Any order form returned because of improper preparation (see Art. 83) must be retained on file with the duplicate made out to a Class I or II registrant thereof and a new form prepared if the who can not fill it may be endorsed in the articles are still desired.

> ART. 77. Unused order forms.-Where, as to one or more classes, a registrant him to another such registrant for filldiscontinues business or transfers to a different location in the same or a different district, he shall return for caucelation all unused order forms on which such class number or numbers have been entered by the collector.

Filling of Order Forms

ARK. 78. Who may fill.—Except as hereinafter provided, order forms may be filled only by a registered importer, Articles 65 and 73, and shall indicate the manufacturer, producer, compounder, or wholesale dealer (a Class I or II regis-

ART. 79. Solutions.—An order form calling for one ounce or less of an aqueous or oleaginous narcotic colution may be filled by a retail dealer under the conditions outlined in Article 15.

ART. 80. Returned goods.-A percon registered in any class may return norcotics to the person from whom obtained pursuant to the latter's order form.

ART. 81. Discontinuance of business. A person discontinuing, or who has discontinued, business in any class may dispose of his narcotics pursuant to order forms, provided he has obtained spacific approval from the collector for the district in which the proposed recipient to such recipient.

ART. 82. Filling of orders.-The consignor shall enter upon the order form the number and size of the stamped packages furnished on each item and the date when each item is filled. When an supplied by additional chipments within by the vendor. tered on a single order form. An item | 30 days from the date of the order form. shall consist of one or more packages or A notation, covering each chipment, currented or mutilated so as to make it bottles of the same kind and size; two showing the cotual quantities supplied unumble, shall not be destroyed, but both

Arr. 72. Name and address of pur- or more such packages or bottles chall and the date of delivery, shall be made by the vendor on the original and by the vendes on the duplicats.

> Anr. 33. Alterations .- No alteration, cracure, or change of any description may ent description or size. The number of be made in any order, or in the indexechange whatsoever. If an order is not properly prepared in every respect it must be returned to the vendee.

Anx. 84. Acceptance.-An order is regarded as accepted when notice to that effect is given or, if no notice is given, when the goods are delivered or shipped.

Anr. 85. Unaccepted orders.—If an crder is not accepted or if, for any reason, contained in the article if it is not itself one can not be filled, the form shall be a pure narcotic drug. The chowing of returned to the vandee with a letter of emplonation. When received by the vendee the returned original and the letter of explanation shall be attached to the duplicate and retained on file.

Ann. 86. Endorcements.—An order form spaces provided for that purpose on the reverse side of the form and referred by ing. The endorsement may be made only by the person to whom the order is issued who shall be a Class I or II registrant. It shall show the name and address of the endorsee, shall bear the signature of the endorsing registrant or another person, provided a power of attorney authorizing such other person to make such endorsements has been executed and approved in accordance with class or classes in which the endorser is registered, his registry number, the district in which he is located and his compicte address. The endorsee shall, upon receipt of such order, if he can fill the same, ship the drugs directly to the parson and at the location specified by the collector on the face of the order and make notation of the filling of each item in the same manner as in other cases. No change or alteration by the endorses in any endorsament is permissible.

Ann. 87. Reporting sales on endoreed orders in monthly returns.—Sales made on endorsed order forms shall be reported on Form 810b or 811b, as the case may be, in the same manner as other cales, except that on the line following that on which the sale is recorded, there is located to dispose of his narcotic stock | shall be entered the name, address, registry and class numbers, and district of the endoreer.

Filing of Order Forms

Anr. 83. Filing of orders.—The duplicate shall be kept on file by the vandes order can not be filled in its entircty it for at least two years. The original shall may be filled in part and the balance be filed and preserved for a like period

Any order form which is improperly

on file with the other duplicates.

ART. 89. Lost and stolen order forms. It a purchaser ascertains that an original unfilled order form has been lost, he shall execute another order in duplicate and an affidavit stating that the goods covered by the first order were not received through loss of the order form. and shall note on the second order the number and date of the lost order and the fact that it was lost. The duplicate of the second order and the affidavit shall be filed with the duplicate of the order form first executed. If the first order form is subsequently received by the person to whom it was directed, he shall mark upon the face thereof, "Not accepted", and return it to the purchaser who shall attach it to the duplicates and the affidavit.

Whenever any used or unused order forms are stolen from, or lost (otherwise than in the course of transmission) by, any person registered under the Act, he shall immediately upon discovery of such theft or loss, report the same to the Commissioner of Narcotics, Washington. D. C., stating the serial number of each duplicate and original form stolen or lost. If the theft or loss includes any original orders received from other persons and the registrant is unable to state the serial numbers of such orders, he shall report the date of receipt thereof and the names and addresses of the purchasers. If an entire book of order forms is lost or stolen, and the registrant is unable to state the serial numbers of the order forms contained therein, he shall report the theft or loss to the collector from whom such book was purchased, instead of to the Commissioner of Narcotics, and shall report, in lieu of the numbers of the forms contained in such book, the date or approximate date of purchase thereof. Immediately upon receipt of such report the collector shall transmit it to the Commissioner of Narcotics together with advice from his records (Form 679) as to the serial numbers of the forms contained in such book. If any unused order form reported stolen or lost is subsequently recovered or found, the Commissioner of Narcotics shall be notified thereof.

Exceptions to Use of Order Forms

ART. 90. When not required.-The use of order forms is not required:

- (1) For dispositions by a duly qualified and registered practitioner in the course of his professional practice only.
- (2) For sales or other dispositions pursuant to properly executed prescriptions for legitimate medical purposes.
 - (3) For lawful exportations.
- (4) For sales or other dispositions to exempt officials.
- (5) For the sale, distribution, giving away, dispensing, or possession of preparations and remedies which do not contain more than 2 grains of opium, or more than one-fourth of a grain of morphine,

the original and duplicate shall be kept | heroin, or more than 1 grain of codeine, is engaged in any activity mentioned in or any salt or derivative of any of them in 1 fluid ounce, or, if a solid or semisolid preparation, in 1 avoirdupois ounce: or of liniments, ointments, or other preparations which are prepared for external use only, except liniments, ointments, and other preparations which contain cocaine or any of its salts or alpha or beta eucaine or any of their salts or any synthetic substitute for them, provided that such remedies and preparations are manufactured, sold, distributed, given away, dispensed, or possessed as medicines and not for the purpose of evading the intentions and provisions of this Act and that a record of dispositions is kept as required by Article 185.

CHAPTER VI. SPECIAL EXEMPTIONS

Exempt Officials

SEC. 1. * * * Provided further, That officials of the United States, Territorial, District of Columbia, or insular possessions, State or municipal governments, who in the exercise of their official duties engage in any of the business herein described, shall not be required to register, nor pay special tax, nor stamp the aforesaid drugs as hereinafter prescribed, but their right to this exemption shall be evidenced in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations prescribe.

ART. 91. Exempt officials.—Officials of the United States, the District of Columbia, any State, Territory, or insular possession of the United States, or of any county, municipality, or other political subdivision therein, who, in the exercise of their official duties, acquire, dispense, or handle narcotic drugs or preparations, are not thereby required to register, pay special tax, or stamp packages containing narcotics which they compound or produce, but their right to such exemption shall be evidenced as hereinafter provided.

ART. 92. Military and Naval officers.-On or before July 1 of each year, the Surgeon General of the Army and the Surgeon General of the Navy will each furnish, to the Commissioner of Internal Revenue, a list showing the names, addresses, and official status of all officers and contract surgeons authorized to obtain narcotic drugs and preparations for official use. Quarterly amendatory lists showing additions to, eliminations from, or other changes to be made in previous lists will also be furnished. The commanding officer of the National Guard of each State will likewise furnish original and amendatory lists to each collector of such State, similarly identifying the officers authorized to procure narcotic drugs and preparations. With respect to procurement of narcotic drugs and preparations by officers of the character indicated, see Article 94 entitled "Procurement of narcotics".

ART. 93. Civil officers.-Each civil officer of the United States, or the District of Columbia, or of any State, Territory, or insular possession of the United States, or any county, municipal-

the Act and who claims exemption from registration and tax under the Act, shall file with the collector for the district in which he is located a certificate from a superior official showing the official status and official address of the person claiming exemption and (1) whether he is to purchase the narcotics or obtain them from official stocks, and (2) whether or not the officer is to administer or dispense narcotics. Each such statement shall be renewed on or before July 1 of each year and, except in the case of civil officers of the United States, shall be accompanied by an inventory on Form 713 of the narcotic drugs and preparations on hand at the time the certificate is filed.

ART. 94. Procurement of narcotics.-Each order for the purchase of taxable narcotic drugs by an exempt official shall be accompanied by a certificate, issued by the collector for the district in which the purchasing official is located, on official stationery in the following form:

(Name) (Rank or official capacity)

(Post of duty or official address)

has evidenced his exemption from registration and payment of taxes under the Act of December 17, 1914, as amended, in the manner prescribed by the Commissioner of Narcotics, with the approval of the Scoretary of the Treasury, and is entitled to purchase narcotics without the use of official order forms for the use of

(Name of government and department therof)

Certificates in accordance with the foregoing form shall be issued by the collectors upon request, but no certificate shall be issued for any officer or official unless the list or statement on file indicates that such officer or official is required to purchase narcotic drugs. These certificates are not required for the purchase of exempt preparations by exempt officials.

If an official is engaged in a private business or privately practices a profession in which narcotics are manufactured, produced, compounded, sold, dealt in, dispensed, prescribed, administered, or given away, such official shall register and pay the special tax for such private activity, and the narcotics for such private purposes shall be secured upon regular order forms.

ART. 95. Orders and prescriptions. Orders and prescriptions for taxable narcotic drugs and preparations issued by exempt officials as such shall be prepared on official blanks if such blanks are provided, or otherwise on official stationery, and shall show the name, title and official address of the person by whom executed.

ART. 96. Filling and filing orders and prescriptions.—Except as to an order for one ounce or less of an aqueous or oleaginous narcotic solution (See Art. 15), an order for taxable narcotic drugs or or more than one-eighth of a grain of ity, or other political subdivision, who preparations issued by an exempt official

as such shall be filled only by a person registered as a manufacturer or wholesale dealer. Prescriptions issued by exempt officials shall be filled only by retail dealers or by manufacturers supplying thereon narcotics of their own manufacture or production. A manufacturer or dealer who fills an improperly prepared order or prescription may be liable for violation of section 2 of the Act. After filling, orders and prescriptions of exempt officials shall be filed with the regular narcotic orders and prescriptions.

ART. 97. Enforcement officers.—Special agents and customs agents, for the establishment of draw-back under customs laws and regulations, inspectors of the Food, Drug, and Insecticide Administration, Department of Agriculture, in connection with their duties in enforcing the Food and Drugs Act, and State or Federal officials engaged in their duties in enforcing any State or Federal narcotic drug law, are entitled to procure from any person registered under the Act of December 17, 1914, as amended, samples of narcotics, and registrants may lawfully furnish to any such persons for the purposes stated, the required samples, taking a receipt therefor, which shall be filed with their official order forms and records.

ART. 98. Reporting furnishing of samples.—Class I and II registrants who furnish samples of narcotic drugs and preparations under the provisions of the preceding Article to law enforcement officers shall report such dispositions on their monthly returns, Forms 810b and 811b, respectively, under the heading "Other dispositions" as provided for by Articles 116 and 151.

ART. 99. Ocean vessels .- Narcotic drugs and preparations for stocking medicine chests and dispensaries maintained on board vessels engaged in international trade, vessels engaged in trade between ports of the United States, and merchant vessels belonging to the Government, may be obtained only (1) by the physician or surgeon employed upon such vessel and duly licensed in some State, Territory, or the District of Columbia, to practice his profession; or (2) by a retired commissioned medical officer of the United States Army, Navy, or Public Health Service, employed upon such vessel; or (3), if no physician, surgeon, or retired commissioned medical officer of the United States Army, Navy, or Public Health Service is employed upon such vessel, by the master; and only with the approval of commissioned medical officers and acting assistant surgeons of the United States Public Health Service. upon special order forms procurable from such officers.

Shipments to the Insular Possessions and the Panama Canal Zone

Zone. In Pucrto Rico and the Philippine Iclands the administration of this Act, the collection of the cald special tax, and the insurance of the order forms specified in section two shall be performed by the objects internal-revenue officers of them governments, and all revenues collected becomes ments, and all revenues collected behalings in Puerto Rico and the Philippine Islands shall accrue intact to the general governments thereof, respectively. The courts of first instance in the Philippine Islands shall possess and exercise jurisdiction in all cases arising under this Act in said Islands. The President is authorized and directed to issue the Presenting orders are will exercise first. such Executive orders as will carry into effect in the Canal Zone the intent and purpose of in the Canal Zone the intent and purpose of this Act by providing for the registration and the impecition of a special test upon all persons in the Canal Zone who preduce, import, compound, deal in, dispense, cell, distribute, or give away optum or core leaves, their salts, derivatives, or preparations. The President is further authorized and directed to issue such Executive orders as will permit those persons in the Virgin Islands of the United States lawfully entitled to cell, deal in, dispense, prescribe, and distribute the aforecald drugs, to obtain add drugs from persons registered under this Act within the continental United States for legitimate medical purposes, without regard to the order forms described in this certion.

Virgin Islands

BOLES COVERNING THE OPTAKEES OF HARCOME DRUGS AND PHEPARAMONI DY CVALUED IN-SONS IN THE VEGEN INAMED INCH MANU-PACTUREES AND WHOLESALS DEALES BY THE UNITED STATES

WHEREAS section 2 of the act of December 17, 1914 (38 Stat. 703), as amended by section 2 of the act of January 22, 1927 (44 Stat. 1023), provides in part as follows:

"The President is further authorized and directed to issue such Executive orders as will permit these persons in the Virgin Islands of the United States lewfully entitled to sell, deal in, dispense, presented and distribute the aforecald drugs, to obtain said drugs from persons registered under this Act within the continental United States for legitimate medical purposes, with-out regard to the order forms described in this section.

NOW, THEREFORE, by virtue of and pur-suant to the authority vected in me by the above-quoted provision of the said set, it is hereby ordered:

1. That any person lawfully entitled to sell, deal in, dispense, prescribe, or distribute opium or coes leaves, or any compound, manufacture, salt, derivative, or preparation thereof, in the Virgin Islands of the United thereof, in the virph lemmas of the United states, may obtain such narestice as shall be necessary for legitimate medical purposes within those islands by exceuting a written order therefor upon a duly qualified im-porter, manufacturer, producer, compaunder, or dealer in such drugs lessted in the con-tinental United States: Provided, That such order has been first submitted to the Comorder has been first cubmitted to the Com-missioner of Health of the Virgin Islands and bears upon its face the approval of said Commissioner of Health of the Virgin Islands, the official seal of the Government of the Virgin Islands, and the date of such approval. approval.
2. Upon receipt of the order for narcetic

drugs from the percen in the Virgin Edends ordering such drugs, the Commissioner of Health of the Virgin Edends, if he finds that such person is qualified in eccordance with the terms of the preceding certism, and if he is satisfied that such person is ordering the drugs for legitimate medical purposes only, shall approve the order form by eign-ing a suitable notation on the face therest, including the date of such approval, and impress the scal of the Government of the Virgin Islands thereon, and return same to the person from whom it was received. Sec. 2. (cont.) The provisions of this Act shall apply to the United States, the District of Columbia, the Territory of Alaska, the Territory of Hawaii, the insular possessions of the United States, and the Canal

continental United States, who is hereby outhorized to furnish and ship the drugs called for in the cald order in the same manner and to the came entent that he would be authorized if the order were propcrly executed on an official crear form submitted by a duly qualified dealer or proefitioner in the continental United Status

under cretion 2 of the act of December 17.
1914 (33 Stat. 783), as amended.
3. No order as above described shall be filled by any importer, manufactures, producer, compaunder, or dealer in the continual United States if received after 2. tinental United States if receives after 2 months from the date of approval decembed in the preceding rection. If, for any recess, an approved order is not forwarded to the percon in the continental United States from whom the drug is to be ordered in time to reach such person on or before the expiration of a period of 2 months after the date of approval, such order chall be returned to the Commiscioner of Health of the Varin Edunds for carried of Health of the Virgin Islands for cancel-lation. The Commissioner of Health of the Virgin Islands shall been a record of all orders received by him, chowing the date the order was received, the date it was approved. If approved, and the date the approved the present submitting it. The Commictioner of Health of the Virgin Islands chall cubmit semicanually to the Commissioner of Narcotics of the United States, not later than the 1st of September and the 1st of March regactively, reports evering the respective preciding similar-nual periods ending June 30 and Desember 31, chowing the total amounts and kinds of 31, chowing the total amounts and hims of narcotle drugs for which orders were expressed, the total amounts and hims of narcotle drugs estually received in the islands during the periods, the total amounts and hinds of narcotle drugs estually sold or dispensed in the islands during the periods, and the total amounts and linds of narcotle drugs on hand in the islands at the elect of the cald periods. For the purpose of carrying out the provisions of this order, the Commissioner of Health of the Varan Flands, with the advice and consent of the Governor of the Virgin Islands, is hereby authorized to require such periodical reports cancerning narcotle drugs from persons concerning narcotte drugs from persons ordering, dealing in, colling, dispensing, pre-cribing, or distributing such drugs in the Yurgin klands as he shall deem appropriate

for the purpose.

4 The vard "person," as used in this order, chall be construed to mean and include a partnership, association, company, or corporation as well as a natural person. 5. The Commissioner of Harcotics of the

5. The Commissioner of Barcottes or the United States, with the approval of the Secretary of the Treasury, chall make all residual rules and regulations for carrying into effect the provisions of this order insofacts it concerns persons registered under the cold set of December 17, 1914, as amended, in the continuated United States.

cald act of December 17, 1914, as amended, in the continental United States.

6 Becommibility is placed upon the Governor of the Virgin Islands to enforce the providence of this order in the said islands in cuch manner that the sais, decling in, dispending, prescribing, distribution, and use of nareatic drugs therein shall be confined to legitimate medical purposes. Any shipment or transfer of nareatic drugs from the continental United States not in accordance continental United States not in accordance. continental United States not in accordance with the provisions and requirements of this order chall subject the parties responsible for such adjument or transfer to the penalties provided in the said set of December 17, 1914, as amended.

This order supercides Executive Order No. 0502, of December 2, 1939.

Franklik D. Roosevele THE WHITE HOUSE December 4, 1934.

[No. 6313]

Commissioner of Health of the Virgin Islands and which bears the official seal of the Government of the Virgin Islands and the date of approval. The shipment or other disposition of narcotics by any person in the United States contrary to the Executive order shall subject the offending party or parties to the penalties provided by the Act of December 17, 1914, as amended. (See Art. 203.)

ART. 101. Who may fill orders.—An order for narcotic drugs submitted by a qualified dealer or practitioner in the Virgin Islands in accordance with the terms of the foregoing Executive order may be filled only by a person duly registered, in the continental United States, in Classes I or II under Section 1 of the Harrison Narcotic Law, as amended, and regulations issued thereunder, except that an order for only such preparations and remedies as are considered exempt under Section 6 of said law and regulations issued thereunder may be filled by a person duly registered, in the continental United States, in Class V under Section 1 of said law and regulations.

ART. 102. Record and report of sales.-Each sale or other disposition of narcotic drugs under the foregoing Executive order shall be recorded and reported as an insular sale by the person filling the order therefor. He shall enter upon Form 810b or 811b, as the case may be, of his monthly return, the date upon which the order was approved by the Commissioner of Health of the Virgin Islands, in lieu of and in the space provided for the date of the purchaser's official order form. The column headed "Serial number" shall be used for inserting the date of receipt of the purchaser's approved order. The columns headed "Registry number", "Class", and "District" shall be left blank. If the order covers items of preparations or remedies which are considered exempt under Section 6 of said law and regulations, such items shall not be reported in the monthly return, but the person filling the order for such items shall keep a record in the same manner as in the case of a domestic sale, except that in lieu of the record of the registry number of the purchaser, required to be kept, there shall be kept a record of the date upon which the order was approved by the Commissioner of Health of the Virgin Islands and the date when the order was received by the vendor.

Puerto Rico

ART. 103. Shipment of drugs,-Registrants or exempt officials of Puerto Rico, in order to procure narcotic drugs, either taxable or exempt, must comply with the requirements of the Government of Puerto Rico, with respect to official order forms and certificates of exemption. Accordingly, manufacturers and wholesale dealers in the United States, shall not make shipments of narcetic drugs to persons located in proper order form or certificate of ex- tablishing his right to exemption and is thorized representative. They specify in

that registrants in the United States may determine whether a prospective order forms. Accordingly, no order from purchaser in Puerto Rico is properly authorized to receive narcotic drugs, the practices and requirements of the Puerto Rican authorities with respect to orders by registrants and exempt officials are set out in Articles 104 to 108, inclusive.

ART. 104. Taxable drugs.—Registrants procuring taxable narcotic drugs must present orders therefor upon official order forms of the Department of Finance of Puerto Rico. Such forms bear the name and number of the registrant to whom issued, the date issued, a serial number, a one-cent revenue tax stamp, and a certificate signed by the local collector of internal revenue, showing that the person to whom issued is registered, has paid the required tax, and is entitled to acquire and sell narcotics. Accordingly, no order form from Puerto Rico for taxable narcotic drugs shall be accepted or filled unless such form bears the name of the registrant, the appropriate tax stamp, a serial number, the described certificate signed by the local collector of internal revenue (either stamped or printed thereon) and the signature of the registrant specified or his authorized agent. Such forms are issued in duplicate; only those marked "Original" shall be accepted and filled.

ART. 105. Exempt preparations. Separate order forms are provided for purchases of exempt preparations. While these are similar in appearance to those provided for taxable drugs, they are different in that no space is provided for any revenue tax stamp and they are designated in the heading as orders to procure "Medicines and preparations exempt as per Section 6" of the law. These likewise bear serial numbers, the date issued, the name of the registrant to whom issued, and a certificate signed by the local collector of internal revenue. Accordingly, no order from Puerto Rico for exempt preparations shall be accepted or filled unless it bears the appropriate serial number, the name of the registrant, the certificate of the local collector of internal revenue and the signature of the registrant specified or his authorized agent. Such forms are issued in duplicate and only those marked "Original" shall be accepted and filled.

ART. 106. Forms not interchangeable. Taxable narcotics shall not be supplied pursuant to orders on forms provided for exempt preparations nor shall exempt preparations be supplied pursuant to orders on forms provided for taxable narcotics.

ART. 107. Shipments to exempt officials.—An exempt official of Puerto Rico who purchases narcotic drugs, either taxable or exempt, is required by the insular authorities to present the order for such drugs to the Assistant Treasurer of the Island who affixes thereon a certificate to the effect that the purchaser has Puerto Rico except pursuant to the presented the necessary credentials es- Islands and signed by him or his au-

order which has been approved by the emption, as the case may be. In order entitled to obtain the narcotics specified in the order without the use of official one who purports to be an exempt official in Puerto Rico shall be accepted or filled unless it bears such certificate signed by the Assistant Treasurer.

ART. 108. Penalty for unauthorized shipment.-No narcotic drugs or preparations, either taxable or tax-exempt, shall be furnished or shipped to any person, in Puerto Rico, except by registered persons in the continental United States and then only pursuant to an order on an appropriate form as prescribed in the preceding articles. The sale, bartering, exchanging, or giving away of any such narcotic drugs or preparations by any person in the United States to any person in Puerto Rico, otherwise than as above prescribed, shall subject the offending party or parties to the penalties provided by the Act of December 17, 1914, as amended.

Philippine Islands

ART. 109. Shipment of drugs.-Registrants in the Philippine Islands, in order to procure narcotic drugs, either taxable or exempt, must comply with the requirements of the Government of the Philippine Islands with respect to official order forms and certificates of importation. Accordingly, manufacturers and wholesale dealers in the United States, shall not make shipments of such drugs to persons located in the Philippine Islands except pursuant to the proper order form or certificate of importation, as the case may be. In order that registrants in the United States may determine whether a prospective purchaser is properly authorized to receive narcotic drugs, the practices and requirements of the Philippine authorities with respect to orders by registrants are set out in Articles 110 to 113, inclusive.

ART. 110. Taxable drugs.—Registrants procuring taxable drugs must present their orders for such drugs upon official order forms provided by the Department of Finance, Bureau of Internal Revenue of the Philippine Islands. These are identified as B. I. R. Form No. 26.01. In order to entitle a purchaser to receive taxable narcotic drugs into the Philippine Islands, the permit portion of the form must be completed and signed by the Collector of Internal Revenue for the Islands or his authorized representative. Accordingly, no taxable drugs shall be shipped to the Philippine Islands except pursuant to such an order form, fully completed and signed by the proper authority.

ART. 111. Exempt preparations.—Certificates of importation for purchase of exempt preparations, identified as B. I. R. Form No. 26.04, are provided by the Department of Finance, Bureau of Internal Revenue, of the Philippine Islands. The certificates are issued by the Collector of Internal Revenue of the be purchased. Accordingly, no exempt narcotic preparations may be shipped to the Philippine Islands except pursuant to such a certificate of importation, specifying the name and address of the purchaser and the drugs and preparations authorized.

ART. 112. Forms not interchangeable. Taxable narcotics shall not be supplied pursuant to orders on forms provided for exempt preparations nor shall exempt preparations be supplied pursuant to orders on forms provided for taxable narcotics.

ART. 113. Penalty for unauthorized shipment.—The shipment of narcotic drugs by any person in the United States to any person in the Philippine Islands, otherwise than as above prescribed, shall subject the offending party or parties to the penalties provided by the Act of December 17, 1914, as amended.

Panama Canal Zone

EXECUTIVE ORDER

Whereas, the act of Congress, approved December 17, 1914 (Public, No. 223), is made specifically applicable in the Canal Zone, but further provides that—

The President is authorized and directed to test grade the control of the co

to issue such Executive orders as will carry into effect in the Canal Zone the intent and into effect in the Canal Zone the intent and purpose of this act by providing for the registration and imposition of a special tax upon all persons in the Canal Zone who pro-duce, import, compound, deal in, dispense, sell, distribute, or give away oplum or coca-leaves, their salts, derivatives, or prepara-tions:

Whereas the auditor of the Panama Canal and the collector of the Panama Canal perform in the Canal Zone corresponding duties in connection with the revenues of the Canal Zone as are performed in the United States by the Commissioner of Internal Revenue and the collectors of internal revenue, respectively:

Now, therefore, by virtue of the authority conferred upon me by the above-quoted pro-visions of the said act of Congress, it is

hereby ordered:

Section 1. That in enforcing the provistors of the act of Congress approved December 17, 1914, entitled "An act to provide for the registration of, with collectors of internal revenue, and to impose a special tax upon all persons who produce, import, manufacture, compound, deal in, dispense, sell, distribute, or give away opium or coca leaves, their salts, derivatives, or preparations, and for other purposes," the auditor of the Panama Canal shall perform in the Canal Zone administrative duties like unto those the Commissioner of Internal Revenue is required to perform outside of the Canal Zone, and the collector of the Panama Canal shall perform duties in the Canal Zone like unto those the collectors of internal revenue are required to perform in the districts outside of the Canal Zone.

Sec. 2. That on and after the 1st day of March, 1915, no person shall produce, import, manufacture, compound, deal in, dispense, sell, distribute, or give away in the Canal Zone opium or coca leaves, their salts, derivatives, or preparations, unless he shall have complied with the provisions of the act of Congress approved December 17, 1914, in the manner provided for in the Executive order.

Sec. 3. That every person who by the terms

tor of the Panama Canal on forms to be prescribed by the auditor of the Panama Canal. At the time of such registry and on Canal. At the time of such registry and on or before the lct day of July annually thereafter, every person who preduces, imports, manufactures, compounds, deals in, dispenses, sells, distributes, or gives away any of the aforesaid drugs chall pay to the collector of the Panama Canal a special tax at the rate of 81 per annuar Provided, however, who want to the test of the per annuar provided that however who want has the the rate of 61 per annum: Provided, however, That any person who would not be required, if lecated outside of the Canal Zone, to register or pay a special tax shall not be required to register or pay the special tax as herein provided.

Sec. 4. That the auditor of the Panama Canal, with the approval of the Governor of the Panama Canal, chall cause suitable order forms and blanks to be prepared and placed in the hands of the collector of the Panama Canal for sale by such collector to persons

Canal for cale by such collector to persons who shall have registered and paid the special tax as required by said act and this Executive order. The price to be paid for such order forms and blanks shall be 81 per hundred, and the collector of the Panama numered, and the confector of the Fantanian as to cales of cald order forms and blanks as collectors of internal revenue in districts outside of the Canal Zone. The collecter shall account monthly to the auditor of the Panama Canal for the special tases collected by the canal canal content account monthly to the high canal canal for the special tases collected by the canal canal canal content account monthly to the special tases collected. by him and for all moneys received by him for the sale of blanks, or for any other purpose under the provisions of cald act. The auditor of the Panama Canal, with the approval of the Governor of the Panama Canal, shall provide such regulations as may be necessary to carry into full force and effect the provisions of this Executive order. In providing such regulations the form of regulations prescribed by the form of regulations prescribed by the Internal Revenue Commissioner and approved by the Secretary of the Treasury thall be followed to far as they can be made applicable to canditions in the Canal Zone. by him and for all moneys received by him in the Canal Zone.

SEC. 5. That the auditor of the Panama Canal, with the approval of the Governor of the Panama Canal, chall have the right to make such inspection and take such action as may be necessary to enforce the provisions of the act of December 17, 1914,

under this Executive order.

Src. 6. That any percon who violates or fails to camply with any of the requirements of said act in the manner provided. for in this Executive order in the Canal Zone shall be subject to such penalties as are provided for in said act.

Wooddow Wilcom

THE WHITE Hover, March 1, 1915.

INO. 21421

CHAPTER VII. RETURNS OF MANUFACTUREES AND WHOLESALE DEALERS

Sec. 1. • • • Importers, manufactur-ers, and wholecale dealers chall keep such books and records and render such monthly returns in relation to the transactions in the aforecald drugs as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations require.

Manujacturers, Producers and Compounders

ART. 114. Returns required.—Every person registered in Class I, as an importer, manufacturer, producer or compounder, shall render a monthly return on Form 810, and its supplements, Forms 810a, 810b, 810c and 810d, and shall account therein for all stocks on of said act would be required, if located outside of Porto Rico, the Philippine Islands, or the Canal Zone, to register with the collector of internal revenue of his district, his name or style, place of business and place or places of his district, and place or places of business and place or places of business and place or places of his district, his name or style, place of business and place or places of bus

each instance the items authorized to where such business is to be carried on, shall turn shall be sworn to and shall be submitted to the collector of internal revanue for the district in which the business is conducted, on or before the 15th day of the month succeeding that for which it is rendered.

Each return shall consist of Forms 810a showing all receipts of taxable narcotics; Forms 010b showing all dispositions of taxable narcotics; Forms 8102 showing all manufacturing transactions; Forms 810d showing all packaging transactions; and a Form 810 showing a complete summary and a balanced stamp account. Forms 810a and 810b chall be headed in accordance with the classifications of transactions set out in the instructions appearing thereon and on Form 210.

ART. 115. Form \$10a-Receipts.-All taxable nercotics received by a manufacturer as such, including transfers from other classes at the same location, shall be recorded on Form 210a in the order and at the time of receipt. Where record on Form 810a can not, for any good and sufficient reason, be made immediately. the manufacturer shall have available for inspection such invoices, delivery or duplicate sales slips, or other papers or records as may be required to evidence any unrecorded purchase or receipt. Forms 8102 shall be prepared in accordance with the instructions thereon and on Form 310.

ART. 116. Form 810b-Dispositions-All taxable narcotics disposed of by a manufacturer as such, including transfers to other classes at the same location, shall be recorded on Form 810b in the order and at the time of disposition. Where record on Form 310b can not, for any good and sufficient reason, be made immediately, the manufacturer shall have available for inspection original sales orders, delivery slips, or other papers or records which may be required to evidence any unrecorded disposition. Forms 810b shall be prepared in accordance with the instructions thereon and on Form 210.

ARE. 117. Form \$10c-Manufacturing .- All taxable narcotics used in the production of other drugs or preparations, with the exception of transactions involving original manufacture from raw opium or coca leaves, shall be entered on Form 810c in the order and at the time they are placed into the process of manufacture. All taxable narcotic drugs and preparations produced therefrom shall be entered on the same form, at the time of production, which entry shall be clearly identified with the entry of drugs used in their production. Where record of "Used for production" or "Production" cannot be made immediately the manufacturer shall have available such batch tags, production orders, or other papers 23 may be required to evidence any unrecorded quantity used or produced. included in the report of raw materials | tions and the total value of stamps af- | ture and other crude alkaloids, as such on hand at the end of the month. Any narcotics actively in process of manufacture at the end of the month shall be so reported.

Where drugs or preparations are placed in process during one month and a portion of the production is removed from process as finished goods during the same month, the portion thus removed from process shall be reported "Produced," and the remainder reported as "In process" at the close of the month.

Taxable drugs or preparations placed in process for the manufacture of exempt preparations shall be reported on a separate Form 810c, on which the kind and quantity of narcotic used and the name of the exempt preparation to be produced therefrom shall be stated.

ART. 118. Form 810d-Packaging.-All taxable narcotic drugs, either bulk finished goods or goods already in stamped packages, which are used during the month for packaging or repackaging into marketable packages shall be reported on Form 810d. By "Marketable packages" is meant the package, bottle or container in which it is intended that the goods shall be sold, whether stamped at the time of packaging or left without stamping until time of sale.

All taxable narcotic drugs or preparations placed in marketable packages during the month shall be reported as credit entries on Form 810d, and in each instance clearly identified with the entry of drugs used in such packaging. A separate entry shall be made for each different size of package produced, but all entries representing a single packaging lot shall be grouped together.

The number of packages of a given size produced, the size of the package (indicating the number of pills, tablets, ounces, etc.), the narcotic contained in each unit in the package, the total narcotic content of each package, and the aggregate narcotic content of all packages represented by the entry shall be indicated.

The recoverable wastes salvaged from the packaging operation and the losses in packaging shall be shown as credit entries on the form. All recoverable wastes reported during the month shall be returned to raw stock and further accounted for as raw materials.

Any goods actively in process of packaging at the close of the month shall be so reported, and the total amount of tax stamps affixed to packages at the time of packaging shall be shown.

Where drugs or preparations are placed in process for packaging during one month and a portion thereof are removed as packages produced during the same month, the portion thus removed shall be reported as packages produced and the remainder reported as in process at the end of the month.

ART. 119. Form 810-Summary.-The manufacturer shall report on Form 810, in accordance with the instructions ap- stocks of crude opium, manufacturing each chest or container an identification

fixed to packages.

ART. 120. Form 810—Stamp account. The manufacturer will also report on Form 810, in accordance with instructions on the form, the value of narcotic strip stamps on hand at the beginning and end of the month and purchased and affixed during the month. The manufacturer may elect whether to affix stamps at time of packaging or at time of sale but one of the two methods shall be followed consistently.

ART. 121. Assembling.—Form 810 shall be used as a jacket or outside sheet for Forms 810a, 810b, 810c, 810d and 810e. which shall constitute the inside sheets. The inside sheets shall be numbered consecutively, beginning with the number 1. Before transmitting the return to the collector the registrant shall securely fasten together all sheets.

ART. 122. Examination by collector. The collector will examine and verify the name entered on page 1 of Form 810. the sworn statement and signature, and the entry of the value of stamps purchased during the month. The person examining the return shall sign in the space provided on Form 810 therefor, and the date received in the collector's office shall be stamped or entered in the space provided.

Manufacturers Importing Opium

ART. 123. Returns required.—Every manufacturer importing crude opium shall render, in addition to the return on Form 810 and its supplements, an "Opium importing manufacturer's return" on Form 163 and its supplements 163a and 163b, accounting, in accordance with the instructions on the forms, for the detail of such importation and for all manufacturing operations performed between such importation and the production in bulk of finished marketable products, standardized in accordance with U.S. P., N. F., or other recognized medical standards. (Subsequent manufacture from such products, including bottling or packaging operations, shall be accounted for in the monthly returns on Form 810 and its supplements.) Returns on Form 163 and its supplements shall be rendered quarterly by manufacturers extracting the alkaloids of opium and their salts, and monthly by all other manufacturers importing and using crude opium. Each such return shall be sworn to and submitted direct to the Commissioner of Narcotics on or before the 12th day of the month immediately following the period for which it is rendered.

ART. 124. Form 163 and supplements. The return of manufacture from crude opium shall consist of summaries on Forms 163 and 163a with supporting detail sheets on Form 163b accounting for original manufacture from crude opium, production from morphine for further manufacture and production from manufacturing opium, and also accounting for porting manufacturer shall assign to pearing thereon, a summary of opera- opium, morphine for further manufac- mark or number by which the opium

substances are defined on the forms. One Form 163b shall be used for each major class of transaction on each summary except where the entries represent mere deduction or total items, or balances carried forward from previous returns. Each detail sheet shall be headed to correspond with the major title of the group of entries which it supports and shall be numbered to correspond with the line and summary numbers.

ART. 125. Detailed reports.-The detail sheets, Form 163b, supporting the summary of original manufacture from crude opium shall show separately the crude opium used for the manufacture of medicinal opium, crude opium used for the direct manufacture of opium tinctures and extracts, crude opium used for the extraction of alkaloids, crude opium used for the manufacture of exempt preparations, and crude opium used for the production of manufacturing opium; and shall show separately the medicinal opium, alkaloids and salts, opium tinctures and extracts, exempt preparations, and manufacturing opium produced.

ART. 126. Importation reports.—Importations of opium shall be reported in summarized entries in the debit summary of the monthly return, Form 810, together with the amount of the tax stamps affixed thereto, and shall be immediately reported by similar summarized entries in the credit summary of Form 810 as "Transferred to importing manufacturer's return". Such importations shall then be reported on a detail sheet, Form 163b, in the importing manufacturer's return and shall be further accounted for in the crude opium account and in the appropriate manufacturing statements in such return. Products manufactured therefrom shall be reported as produced in accordance with Articles 124 and 125 and, with the exception of manufacturing opium, morphine for further manufacture, and other crude or unfinished alkaloids, shall be transferred to the monthly return, Form 810, when reported produced.

ART. 127. Assays.—Upon importation of crude opium, samples will be selected and assays made by the importing manufacturer in the manner and according to the method specified in the United States Pharmacopoeia, eleventh edition. These assays shall form the basis of accounting for such opium, which shall be accounted for in terms of its anhydrous morphine alkaloid content and its equivalency in standard 10 per cent opium. Where final assay data is not determined at the time of rendering return, report shall be made on the basis of the best data available. subject to adjustment, and the necessary adjusting entries shall be made on the next return.

ART. 128. Withdrawal from customs custody.-Upon withdrawal of crude opium from customs custody, the imwill be associated with the lot assay and ling, in accordance with the instructions feeturing statements in the raturn. identified in returns.

ART. 129. Recording withdrawals. Where factory procedure is such that partial withdrawals of opium are made from individual containers, there shall be attached to each container a stock record card on which shall be kept a complete record of all withdrawals therefrom.

production.-130. Reporting ART. Manufacturing opium shall be reported produced when it comes into existence in that form in which it is intended for exclusive use in further manufacture. Medicinal opium, morphine and its salts. or other alkaloids or derivatives produced exclusively for sale as such shall be reported as produced when manufacture has actually been completed and the finished marketable product ready for packaging and sale. Such products shall be regarded as ready for packaging and sale as soon as all processing other than mere packaging and stamping has been completed. Medicinal opium, tinctures, extracts, or other products manufactured partly for sale and partly for use in further manufacture will be reported produced as soon as manufacture is complete and they are ready either for use in further manufacture or for packaging for sale.

ART. 131. Completing manufacture. No accumulations of morphine or other narcotic drugs in their pure or nearpure states shall be permitted to remain inactively in process. All such products nearing completion of their respective processes and approaching a condition of purity shall be carefully protected, promptly completed, and immediately transferred to finished stocks, and reported as produced.

ART. 132. Conversion factors.—In making conversions of opium alkaloids it supports and shall be numbered to and their salts to anhydrous morphine and to 10 per cent opium the quantity of the particular alkaloid or salt in avoirdupois ounces shall be multiplied by a conversion factor arrived at by ascertaining the ratio, carried to the fourth decimal place, between the respective molecular weight of such alkaloid or salt and the molecular weight of anhydrous morphine (285.16), such weights being computed to the third decimal place from the chemical formulae of the substances and the atomic weights of elements, as adopted by the International Committee on Chemical Elements in 1934 and published in the eleventh edition of the United States Pharmacopoeia.

Manufacturers Importing Medicinal Coca Leaves

ART. 133. Returns required.—Every manufacturer importing raw coca leaves for the manufacture of medicinal products shall render, in addition to the return on Form 810 and its supplements. a "Medicinal Coca Leaf Importing Manufacturer's Return", on Form 168 and

on the forms, for the detail of such importation and for all manufacturing operations performed between such importation and the manufacture in bulk of finished products standardized in accordance with U. S. P., N. F. or other recognized standards. Subsequent man- be transferred to the monthly return, ufacture from such products, including bottling or packaging operations, shall be accounted for in monthly returns on Form 810 and its supplements. Returns on Form 168 and its supplements shall be rendered quarterly by manufacturers extracting the alkaloids of coca leaves and their salts, and monthly by all other manufacturers importing and using raw coca leaves in the manufacture of medicinal products. Each such return shall be sworn to and submitted direct to the Commissioner of Narcotics on or before the 12th day of the month immediately following the period for which it is rendered.

ART. 134. Form 163 and supplements. The return of manufacture from medicinal coca leaves shall consist of summaries on Forms 168 and 1663 with supporting detail sheets on Form 162b accounting for original manufacture from such leaves, conversion or synthesis from the ecgonine base or other cora alkaloids, production from manufacturing coca extracts, and also accounting for stocks of raw coca leaves, manufacturing coca extracts, and other crude coca alkaloids as such substances are defined on the forms. One Form 163b shall be used for each major class of transactions on each summary except where the entries represent mere deduction or total items, or balances carried forward from previous returns. Each detail sheet shall be headed to correspond with the major title of the group of entries which correspond with the line and summary numbers.

ART. 135. Detailed reports.-The detail sheets. Form 160b, supporting the summary of original manufacture from medicinal coca leaves, shall show separately the coca leaves used for the manufacture of manufacturing coca extracts, coca leaves used for the direct manufacture of marketable coca tinctures and extracts, and coca leaves used for the extraction of alkaloids, and shall show separately the coca allialoids and salts, coca tinctures and entracts, and manufacturing coca extracts produced.

ART. 136. Importation reports.—Importations of medicinal coca leaves shall be reported in summarized entries in the debit summary of the monthly return, Form 810, together with the No accumulations of cocaine or eczoning amount of the tax stamps cfilled or other narcotic drugs in their pure thereto, and shall be immediately reported by similar summarized entries in the credit summary of Form 610 as "Transferred to importing manufacturer's return". Such importations shall then be reported in detail on Form 168b, fully protected, promptly completed, and and shall be further accounted for in immediately transferred to finished its supplements 1682 and 1686, account- Form 168 and in the appropriate manu- stocks, and reported as produced.

Products manufactured therefrom shall be reported as produced in accordance with Article 140 and, with the exception of manufacturing coen extracts, residues or bases for further manufacture, and other crude or unfinished allieleids, shall Form 810, when reported produced.

Anr. 137. Accaye.—Upon importation of medicinal coca leaves, samples will be colocted and assays made by the importing manufacturer in accordance with recognized chemical procedures. These assays shall form the basis of accounting for such cosa leaves, which shall be accounted for in terms of their essains alkaloid content or equivalency or their total anhydrous coca allialoid content. Where final assay data is not determined at the time of rendering return, report shall be made on the basis of the best data available, subject to adjustment, and the necessary adjusting entries shall be made on the next return.

Ann. 138. Withdrawal from customs custedy.—Upon withdrawal of medicinal cora leaves from customs custody, the ot ngiese lisher shall essign to each bale or container an identification mark or number by which the coca leaves will be associated with the lot assay and identified in returns.

Arr. 139. Recording withdrawale. Where factory procedure is such that partial withdrawals of medicinal coraleaves are made from individual containers, there shall be attached to the container a stock record card on which shall be kept a complete record of withdrawals therefrom.

Arr. 140. Reporting production.-Manufacturing coca extracts shall be reported produced when they come into existence in that form in which they are intended for exclusive use in further manufacture. Cocaine and its salts, ecgonine and its salts, or other alkaloids or derivatives produced exclusively for sale as such shall be reported as produced when manufacture has actually been completed and the finished marketable product is ready for packaging and sale. Such products shall be regarded as ready for packaging and sale as soon as all processing other than mere packaging and stamping has been completed. Tinctures, extracts, or other products manufactured partly for sale and partly for use in further manufacture shall be reported produced as soon as manufacture is complete and they are ready either for use in further manufacture or for packaging for sale.

Arr. 141. Completing manufacture. or near-pure states shall be permitted to remain inactively in process. All cuch products nearing completion of their respective processes and approaching a condition of purity shall be care-

ART. 142. Conversion factors.—In making conversions of coca alkaloids and specification to be assigned to each dump their salts to cocaine alkaloid and to anhydrous ecgonine alkaloid, the quantity of the particular alkaloid or salt in avoirdupois ounces shall be multiplied by a referred to. conversion factor arrived at by ascertaining the ratio, carried to the fourth decimal place, between the molecular weight of such alkaloid or salt, and the molecular weight of cocaine alkaloid (303.172) or anhydrous ecgonine alkaloid (185.125), as the case may be, such weights being computed to the third decimal place from the chemical formulae of the substances and the atomic weights of elements, as adopted by the International Committee on Chemical Elements in 1934 and published in the eleventh edition of the United States Pharmacopoeia.

Manufacturers Importing Special Coca Leaves

ART. 143. Returns required.—Every manufacturer using special coca leaves imported into the United States pursuant to the Act of June 14, 1930, shall render a quarterly return on Form 169 and its supplements, and shall thereon account for all transactions involving such leaves or substances derived therefrom which contain cocaine or ecgonine, or any salts, derivatives, or preparations from which cocaine or ecgonine may be synthesized or made. This return shall be signed and sworn to by the manufacturer or his authorized agent, and rendered direct to the Commissioner of Narcotics on or before the 12th day of the month following the period for which the return is made. 'Such return shall include a report of all importations of special coca leaves on Form 169a, a report of all materials entered into the processes of manufacture on Form 169b, a report of the various substances produced therefrom on Forms 169c, 169d and 169e, a report of all such substances destroyed on Form 169f, and a summary of operations on Form 169g.

ART. 144. Report of importations .-The report of importations on Form 169a shall show in appropriate columns the following data as to each importation:

- (1) The date of the import permit.
- (2) The serial number of the import permit.
- (3) The name of the foreign consignor.
- (4) The address of the foreign consignor.
 - (5) The foreign port of export.
 - (6) The number of bales imported.
- (7) The serial numbers of the bales imported.
- (8) The quantity imported in avoirdupois pounds.

ART. 145. Report of materials used .-The report of materials entered into the processes of manufacture on Form 169b shall show in appropriate columns the following information as to each lot of leaves dumped:

- (1) The lot number or specification, a for identification purposes in order to avoid repeating the serial numbers of the bales when the lot is subsequently
- (2) The date the leaves were put in process of manufacture.
 - (3) The number of bales dumped.
 - (4) The serial numbers of the bales.
- (5) The quantity of leaves put in process, stated in avoirdupois pounds.
- (6) The quantity of alcohol used for each extraction or wash of the leaves, by alcohol.
- (7) The quantity of water used for each water extraction or dilution.
- (8) The quantity of any other or additional substance introduced at any stage into the process of manufacture.
- (9) The dry weight of any filter cloth or other absorbent material to be later removed from process after saturation.

ART. 146. Reports of manufacture .-The reports of substances produced from special coca leaves, Form 169c, 169d and 169e, shall show, in appropriate columns the following information as to each production lot or dump:

- (1) The lot number.
- (2) The quantity of ground leaves entered into process, in terms of avoirdupois ounces and the quantity, in ounces and grains, of alkaloid contained therein as determined by analysis.
- (3) The quantity of substance in process after each distinct step in the manufacturing process and the total alkaloid contained in each, stated in ounces and grains.
- (4) The quantity of exhausted or spent leaves and the quantity of each residue removed from process, and the total alkaloid contained in each, stated in ounces and grains.
- (5) The weight of the used filter cloth or other absorbent material removed, after saturation
- (6) The quantity, in gallons, of finished extract produced.

ART. 147. Report of residues destroyed.—The report of residues destroyed, Form 169f, shall show for each lot destroyed, in appropriate columns the following data:

- (1) The lot number.
- (2) The quantity of spent leaves, residues, and saturated materials destroyed, stated separately for each.
- (3) The name of the government officer witnessing the destruction.

ART. 148. Summary.—The summary, Form 169g, shall include a complete accounting for all transactions in raw leaves, leaves in process, and residues removed from production processes. The summary of raw coca leaves shall show:

- (1) The quantity of special coca leaves on hand at the beginning of the quarter.
- (2) The quantity of special coca leaves imported during the quarter.
- (3) The quantity of special coca leaves put into process of manufacture during the quarter.

- (4) The quantity of special coca leaves on hand at the end of the quarter.
- (5) Any other transaction during the quarter which increased or decreased the quantity of raw coca leaves on hand.

The summary of coca leaves in process shall show:

- (1) The quantity of special coca leaves in process at the beginning of the quarter.
- (2) The quantity of such leaves placed in process during the quarter.
- (3) The quantity of such leaves represented by lots completed during the quarter.
- (4) The quantity of such leaves represented by lots in process at the end of the quarter.
- (5) Any other transaction during the quarter which increased or decreased the quantity of leaves in process.

The summary of residues removed from production processes shall show, in appropriate columns, separately as to spent leaves, each residue and saturated material, the following information:

- (1) The quantity of each, on hand at the beginning of the quarter, awaiting destruction.
- (2) The quantity of each removed from process during the quarter.
- (3) The quantity of each destroyed during the quarter.
- (4) The quantity of each on hand at the end of the quarter.
- (5) Any other transaction during the quarter affecting the quantity of such residues on hand.

Wholesale Dealers

ART. 149. Returns required. - Every person registered in Class II as a wholesale dealer shall render a monthly return on Form 811 and its supplements 811a. and 811b accounting for all transactions involving taxable narcotics. The return shall be sworn to and submitted to the collector of internal revenue for the district, on or before the 15th day of the month succeeding that for which the return is rendered.

Each return shall consist of Forms 811a showing all receipts of taxable narcotics and Forms 811b showing all dispositions of taxable narcotics, and a Form 811 showing a complete summary of transactions for the month. Forms 811a and 811b shall be headed in accordance with the classifications of the transactions set out in the instructions on Form 811.

ART. 150. Form 811a—Receipts.—All taxable narcotic drugs and preparations received by a wholesale dealer as such. including transfers from other classes at the same location, shall be recorded on Form 811a in the order and at the time of receipt. Where record on Form 811a can not, for any good and sufficient reason, be made immediately, the wholesale dealer shall have available for inspection such invoices, delivery or duplicate sales slips, or other papers or records as may be required to evidence any unrecorded purchase or other receipt.

ART. 151. Form 811b-Dispositions .-All taxable narcotic drugs and preparations disposed of by a wholesale dealer as such, including transfers to other classes at the same location, shall be recorded December 31, but shall be rendered as of on Form 811b in the order and at the time of disposition. Where record on tory on Form 163b shall group the sub-lations to render returns shall, in addi-Form 811b can not, for any good and stances on hand on separate sheets in tion to complying with the requirements sufficient reason, be made immediately, the wholesale dealer shall have available for inspection original sales orders, delivery slips, or other papers or records which may be required to evidence any unrecorded disposition.

ART. 152. Form 811—Summary.—The wholesale dealer shall report on Form 811, in accordance with instructions appearing thereon, a complete summary of operations.

ART. 153. Assembling.—Form 811 shall be used as a jacket or outside sheet for Forms 811a, 811b and 811c, which shall constitute the inside sheets. The inside sheets shall be numbered consecutively. beginning with the number 1. Before transmitting the return to the collector the registrant shall securely fasten together all sheets.

ART. 154. Examination by collector. The collector will examine and verify the name entered on page 1 of Form 811. and the sworn statement and signature. The person examining the return shall sign in the space provided on Form 811 therefor, and the date received in the collector's office shall be stamped or entered in the space provided.

Inventories

ART. 155. Form 810e-Manufacturers, producers, compounders.-- Each manufacturer, producer or compounder registered in Class I under the Act shall render as a part of his June and December returns on Form 810 a detailed inventory on Form 810e of all narcotic substances, except those specifically required by Articles 156 and 157 to be reported on other forms, which are in his possession on June 30 and December 31 of each year, classified and grouped as follows:

- (a) Raw materials.
- (b) Goods in process.
- Finished bulk stock.
- (d) Finished goods in marketable packages.
 - (e) Miscellaneous stock.

ART. 156. Form 163b-Manufacturers importing opium.-Each manufacturer who imports crude opium shall, in addition to the inventory required by Article 155, render an inventory on Form 163b of crude opium, goods in process of manufacture from crude opium, and substances resulting from such processes of manufacture which have not been transferred to the return on Form 810, which are in his possession as an opium importing manufacturer on June 30 and December 31 of each year. However, manufacturers engaged in extracting alka-

nually instead of semiannually, and such for such periods as the Commissioner inventories may be rendered by any such manufacturer either as of June 30 or the same date each year. Each invenaccordance with the classifications in the summaries of Forms 163 and 163a and each sheet shall be numbered to correspond with the appropriate line and tion of all narcotics carried in the class summary numbers of such Forms 163 and 163a. Each such inventory shall be made a part of the return rendered on Form 163 for the month or quarter ending with the date for which the inventory is rendered.

importing medicinal coca leaves.—Freh business to a successor at the same locamanufacturer who imports cora leaves for the manufacture of medicinal products shall, in addition to the inventory re- | ceribed forms to the date of discontinutory on Form 168b of raw coes leaves. goods in process of manufacture from the close of a fiscal year an affidavit such leaves and substances resulting must be furnished in duplicate as profrom such processes of manufacture vided in Article 195. This return shall which have not been transferred to the be marked "Final," shall contain a return on Form 810, which are in his statement indicating to whom the busiufacturer on June 30 and December 31 of l shall group the substances on hand on is rendered. The initial return of the classifications in the summaries of appropriate line and summary numbers inventory shall be made a part of the ceipts in his initial return. Where strip month or quarter ending with the date for which the inventory is rendered.

ART. 158. Form 811c-Wholecale dealers.-Every wholesale dealer chall render, as part of his June and December returns on Form 811, an inventory, on Form 811c, of taxable narcotic drugs on hand on June 30 and December 31 of each year. A separate entry shall be made with respect to each kind of drug or preparation, and each kind or size of package. Each entry shall show the name, quantity and narcotic content of the drug or preparation and the size of the individual package, the number of packages, and the total narcotic content of all the packages covered by the entry, classified according to the kind of narcotic contained in the drug or preparation.

Miscellancous

ART. 159. Substitute forms.—Where the manufacturing processes of any manufacturer are such that in the opinion of the Commissioner the forms be executed in the same manner as appliherein prescribed do not provide an adequate accounting therefor, or where in the opinion of the Commissioner some ized to sign such statements, and shall other form will provide a more satis- affirm that the signature so shown is his loids from opium may render inventories | factory accounting, such manufacturer | signature.

of goods in process of such extraction an- shall render returns on such forms and chall provide and prescribe.

> Ang. 160. Discontinuance neco.-Upon discontinuance of business. any registrant required by these reguof Article 195, render on the appropriate form a final return, marked "Final," which shall show in detail the disposifor which the return is rendered, and, in the case of a Class I registrant, the disposition of all narcotic strip stamps purchased by him.

ART. 161. Transfer of business .- Any registrant required by these regulations ART. 157. Form 168b-Manufacturers to render returns, upon transferring his tion shall, upon qualification of the successor, render a final return on the prequired by Article 155, render an inven- ance of business, and in case business is discontinued on any date other than possession as a coca leaf importing man- need was transferred, and shall show in detail the disposition of all the narcotics each year. Each inventory on Form 163b carried in the class for which the return separate sheets in accordance with the cuccessor shall account for transactions boginning with the day next succeeding Forms 168 and 1682 and each cheet chall the date of discontinuance of business be numbered to correspond with the by the predecessor, and if the narcotics of the predecessor have been purchased of such Forms 168 and 1682. Each such by him, they shall be reported as rereturn rendered on Form 163 for the stamps are transferred to a successor at the same location, as provided in Article 57, a report of all such stamps transferred shall be made by both the percon discontinuing business and his successor in the same manner as the report of narcotics transferred. Any strip stamps not transferred to a successor in business at the same location should be returned to the collector of internal revenue for redemption or cancelation. In all cases where a transfer of ownership or identity, as by the talking in of a partner, etc., is made, the same procodure shall be followed.

> Ant. 162. Signing and verifying returns.—In preparing returns required by this chapter the name of the person entered on the first page shall be the name as registered with the collector. The registrant shall swear that the statements and details of the return are correct and true, and shall sign such statement, encept that it may be signed by another percon authorized by power of attorney previously filed with and approved by the collector. The power of attorney shall cations for registration, shall show the signature of the person thereby author-

ART. 163. Duplicate copy.—A duplicate | course of professional treatment but for | delivery is made, which prescription copy of any return required by this chapter, properly sworn to as in the case of the original copy, shall be retained on file together with other narcotic records, and shall be kept available for inspection for not less than two years.

ART. 164. Examination by collectors .-Collectors shall examine returns within five days after receipt from taxpayers and shall so far as practicable forward them immediately in a single shipment to the Commissioner of Narcotics with a letter of transmittal.

ART. 165. Inspection by food and drug inspectors.-Each collector is authorized to make the narcotic returns of manufacturers and wholesale dealers available for examination by properly identified federal food and drug inspectors during such time as the returns may be in his office.

CHAPTER VIII. RETAIL DEALERS, PRACTI-TIONERS, DEALERS IN EXEMPT PREPARA-TIONS AND LABORATORIES

Prescriptions

Sec. 2. * * Nothing contained in

this section shall apply-

To the dispensing or distribution of any of the aforesaid drugs to a patient by a physician, dentist, or veterinary surgeon registered under this Act in the course of his professional practice only: *Provided*, That such physician, dentist, or veterinary surgeon shall keep a record of all such drugs dispensed or distributed, showing the amount dispensed or distributed, the date, and the name and address of the patient to whom such drugs are dispensed or distributed, except such as may be dispensed or distributed to a patient upon whom such physician, dentist, or veterinary surgeon shall personally attend; and such record shall be kept for a period of two years from the date of dispensing or distributing such drugs, subject to inspection, as provided in this Act.

(b) To the sale, dispensing, or distribu-tion of any of the aforesaid drugs by a dealer to a consumer under and in-pursuance of a written prescription issued by a physician, dentist, or veterinary surgeon physician, dentist, or veterinary surgeon registered under this Act: Provided, however, registered under this Act: Provided, however, That such prescription shall be dated as of the day on which signed and shall be signed by the physician, dentist, or veterinary surgeon who shall have issued the same: And provided further, That such dealer shall preserve such prescription for a period of two years from the day on which such prescription is filled in such a way as to be readily accessible to inspection by the officers, agents, employees, and officials hereinbefore mentioned. mentioned.

ART. 166. Who may issue.—A prescription for narcotic drugs may be issued only by a physician, dentist, veterinary surgeon, or other practitioner who has duly registered, or an exempt official.

ART. 167. Purpose of issue.-A prescription, in order to be effective in legalizing the possession of unstamped narcotic drugs and eliminating the necessity for use of order forms, must be issued for legitimate medical purposes. The responsibility for the proper prescribing and dispensing of narcotic drugs is upon the practitioner, but a corresponding liability rests with the druggist who fills the prescription. An order purporting to be a prescription issued to an addict employee or agent is supplied with a purchased and the date when the prepa-

the purpose of providing the user with narcotics sufficient to keep him comfortable by maintaining his customary use, is not a prescription within the meaning and intent of the act; and the person filling such an order, as well as the person issuing it, may be charged with violation of the law.

ART. 168. Manner of execution-Practitioners.-All prescriptions for drugs and preparations not specifically exempt under section 6 of the act (see Articles 180 to 182, incl.) shall be dated as of and signed on the day when issued and shall bear the full name and address of the patient and the name, address, and registry number of the practitioner. A physician may sign a prescription in the same manner as he would sign a check or legal document, as, for instance, J. H. Smith, John H. Smith, or John Henry Smith. Prescriptions should be written with ink or indelible pencil or typewritten; if typewritten, they shall be signed by the practitioner. The duty of properly preparing prescriptions is upon the practitioner, and he is liable to the penalties provided by the act in case of failure to insert the information required by the law. A prescription may be prepared by a secretary or agent for the signature of a practitioner, but the practitioner is responsible in case the prescription does not conform in all essential respects to the law and regulations. A corresponding liability rests upon the druggist who fills a prescription not prepared in the form prescribed by law.

ART. 169. Who may fill.-A prescription for narcotic drugs may be filled only by a retail dealer registered in Class III, an exempt official, or a member of Class I who is qualified to sell drugs at retail.

ART. 170. Refilling.—The refilling of a prescription for taxable narcotics is prohibited.

ART. 171. Partial filling.-As a general rule, the partial filling of narcotic prescriptions is not permissible. however, a dealer is unable to supply the full quantity called for in a prescription and an emergency exists, he may supply a portion of the drugs called for by the prescription, provided he makes a suitable notation on the face of the prescription of the quantity furnished and the reason for not supplying the full quantity on the back of the prescription and advises the issuing practitioner thereof. No further quantity shall be supplied except upon a new prescription.

ART. 172. Telephone orders .- The furnishing of narcotics pursuant to telephone advice of practitioners is prohibited, whether prescriptions covering such orders are subsequently received or not, except that in an emergency a druggist may deliver narcotics through his employee or responsible agent pursuant to a telephone order, provided the when each stock preparation is made or or habitual user of narcotics, not in the properly prepared prescription before ration is exhausted.

shall be turned over to the druggist and filed by him as required by law.

ART. 173. Forms to be used,-Government does not furnish prescription forms, and the order forms which are supplied must not be used as prescriptions. Any prescription form may be used, provided the required data is shown thereon.

ART. 174. Filing .- Dealers who fill prescriptions shall keep them in a separate file in such manner as to be readily accessible to inspection by investigating officers, for not less than two years.

ART. 175. Labels on containers.-The dealer filling a prescription shall affix to the package a label showing his name and registry number, the serial number of the prescription, the name and address of the patient, and the name, address, and registry number of the practioner issuing the prescription.

Dispensing

ART. 176. Prescriptions unnecessary. Practitioners may dispense narcotic drugs to bona fide patients pursuant to the legitimate practice of their professions without prescriptions or order forms.

ART. 177. Practitioners records.—All persons and institutions registered in Class IV (practitioners, see Art. 19, shall keep a daily record showing the kind and quantity of narcotics dispensed or administered, the name and address of each person to whom dispensed or administered, the name and address of the person upon whose authority and the purpose for which dispensed or administered. Practitioners are not required to keep a record of narcotics dispensed to persons upon whom they in the course of their professional practice are in personal attendance.

ART. 178. Form of record.—No special record form for the use of those registered as practitioners is prescribed. Hospitals and institutions shall keep records in the manner best calculated to meet the conditions existing therein and to enable an inspecting officer quickly to ascertain the kinds and quantities of narcotics used daily. The initials of the practitioner giving directions for the administering of a narcotic should be entered on the patient's record chart, or a separate prescription giving the name and address of the patient, the date, and the physician's signature or initials, filed with the pharmacist in charge of the drug room before the narcotic leaves his control. If both chart and prescription are used, reference to the prescription should be made on the chart.

ART. 179. Stock preparations.—A practitioner who, in his office practice, administers minute quantities of narcotics in stock preparations, may keep, as to such preparations, in lieu of the record required by Art. 177, a record of the date

Exempt Preparations

Sec. 6. That the provisions of this Act shall not be construed to apply to the manufacture, sale, distribution, giving away, dis-pensing, or possession of preparations and remedies which do not contain more than two grains of opium, or more than onefourth of a grain of morphine, or more than one-eighth of a grain of heroin, or more than one grain of codeine, or any salt or derivative of any of them in one fluid ounce, or, if a solid or semisolid preparation, in one avoirdupois ounce; or to liniments, ointments, or other preparations which are pre-pared for external use, only, except liniments, ointments, and other preparations which contain cocaine or any of its salts or alpha or beta eucaine or any of their salts or any synthetic substitute for them: *Provided*, That such remedies and preparations are manufactured, sold, distributed, given away, dispensed, or possessed as medicines and not the purpose of evading the intentions and provisions of this Act: Provided further, That any manufacturer, producer, com-pounder, or vendor (including dispensing pounder, or vendor (including dispensing physicians) of the preparations and remedies mentioned in this section lawfully entitled to manufacture, produce, compound, or vend such preparations and remedies, shall keep a record of all sales, exchanges, or gifts of such preparations and remedies in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall direct. Such record shall be preserved for a period of two years in such a way as to be readily accessible to inspection by any officer, agent or employee of the Treasury Department duly authorized for that purpose, and the State, Territorial, District, municipal, and insular officers named in section 5 of this Act, and every such person so possessing or disposing of such person so possessing or disposing of such preparations and remedies shall register as required in section 1 of this Act and, if as required in section 1 of this Act and, it he is not paying a tax under this Act, he shall pay a special tax of 31 for each year, or fractional part thereof, in which he is engaged in such occupation, to the collector of internal revenue of the district in which he carries on such occupation as provided in this Act. The provisions of this Act us amended shall not apply to decocainized cotal leaves or preparations made therefrom, or for other preparations of oral leaves which do other preparations of coca leaves which do not contain cocaine.

ART. 180. Extent of exemption.-The section of the law last quoted has the effect of conditionally exempting from liability under the other sections of the act persons manufacturing and dealing in certain narcotic preparations or remedies. Such persons are, however, subject to certain requirements laid down in section 6. Manufacturers of and dealers in exempt preparations are required to register as such whether liable to tax in that capacity or not. (See Art. 13 as to tax liability.)

Preparations containing cocaine or pantopon in any quantity, whether for internal or external use, are not within section 6 but are subject to all other provisions of the act.

ART. 181. Standards of exemption. Preparations designed for or capable of internal use to be exempt shall not contain more than two grains of opium, or more than one-fourth of a grain of morphine, or more than one-eighth of a grain of heroin, or more than one grain of codeine, or any salt or derivative of any of them in one fluid ounce, or, if a solid or semisolid preparation, in one avoirdupois ounce. The preparation shall contain active medicinal drugs other than for medicinal purposes.

narcotics in sufficient proportion to confer upon the preparation valuable medicinal qualities other than there possessed by the narcotic drug alone. Uce for aural, nasal, ocular, rectal, urethral, or vaginal purposes is not regarded as external use and, therefore, preparations is sold in good faith for medicinal purmanufactured or used for such purposes containing more than the parcentages of narcotic drugs as above indicated are not 185. within the exemption.

There is no limitation upon the percentage of narcotic drugs external proparations may contain. In order to be within the exemption a preparation for external use, containing more than the maximum percentage of narcotic drugs above specified, shall contain ingredients rendering it unfit for internal administration.

ART. 182. Restrictions on disposistandards set out in Article 181 is exempt from stamp tax and the requireonly when manufactured, sold, distributed, given away, dispensed, or possessed as a medicine. A manufacturer may produce and cell as exempt only preparations readily capable of use for claimed medicinal purposes, and sales thereof, if not to consumers, shall be made only to persons registered in Class V. Sales made to consumers, either by manufacturers or dealers shall be made only in such quantities and with such frequency to the same purchaser as will restrict their use to the medicinal purpose for which intended.

ART. 183. Dispositions to dealers.-Orders for exempt preparations except where sold to a registrant in Class VI are not required to be on any particular forms, but an order from a dealer shall not be honored by a manufacturer or other dealer unless it bears the registry number of the dealer giving the order. (See Articles 100, 105 and 111, relative to orders received from the Virgin Islands, Puerto Rico and the Philippine Islands, respectively.)

Where orders for exempt preparations are taken by a traveling calcuman the salesman shall ascertain the registry number of the purchaser. The order shall not be filled by the manufacturer or vendor unless he knows the purchaser's registry number.

ART. 184. Dispositions to consumers.-Preparations or remedies which are within the exemption may be sold with or without prescriptions, and a prescription for such a preparation may be refilled provided, of course, the preparation is furnished in good faith for medicinal purposes only. The filling or refilling of narcotic prescriptions calling for more than one exempt preparation or a mixture consisting of an exempt preparation or remedy further reduced or diluted by the addition of non-narcotic medicinal agents is authorized, provided, of course, the preparation is furnished in good faith

An extemporaneous prescription calling for narcotic drugs not in excess of the amounts specified in section 6 may be refilled in the same manner as a preceription calling for ready-made preparations or remedies, provided the mixture poses only, and a record is kept of the cale in the manner indicated in Article

Arr. 105. Records required .- Every manufacturer, producer, compounder, or vendor (including dispensing physiclans), of exempt preparations shall record all sales, exchanges, gifts, or other dispositions, the entries to be made at the time of delivery. Separate records shall be kept of dispositions to registrants and of dispositions to consumers. The record of dispositions to registrants shall show the name, address, and registions.—A preparation conforming to the try number of the registrant to whom disposed, the name and quantity of the preparation, and the date upon which daments pertaining to taxable narcotics livery to the registrant, his agent or a carrier is made. The record of dispositions to consumers shall show the name of the recipient, his address, the name and quantity of the preparation, and the date of delivery.

> Forms are not furnished for the keeping of these records, but the records shall be in the following form:

Form of record of dispositions to registrants

Data	Parities Since Section	ar Section Beauty	Ad lect	Name Silect Silect	Quin-
*********			[
*****	*********	******	*****	*****	
		<u> </u>	<u>:</u>		
		•			

Form of record of dispositions to consumers

Data	Name of recipies	Address	Name of prepa- retion	땶
********				*******

In the case of manufacturers of or dealers in exempt preparations who are also registered as manufacturers of or dealers in toxable drugs in Class I or II, the foregoing requirement as to records of dispositions to registrants shall be deemed to be complied with, if all such dispositions are evidenced by vouchers or invoices containing all the required information and such vouchers or invoices are kept in a separate file arranged chronologically.

As to records required in the case of registrants supplying exempt preparations to consumers pursuant to prescriptions issued by registered physicians, the foregoing requirement as to records of dispositions to consumers shall be deemed to be complied with if each such prescription shows the name and address of the recipient, the name and quantity of the preparation, and preparations. Duplicate copies of offi- of the circumstances and recommendathe date of filling, and the prescriptions are kept on the narcotic prescription file.

Laboratories

SEC. 1. * * persons not registered as an importer, manufacturer, producer, or compounder and lawfully entitled to obtain and use in a laboratory any of the aforesaid drugs for the purpose of research, instruction, or analysis shall pay \$1 per annum, but such persons shall keep such special records relating to receipt, disposal, and stocks on hand of the aforesaid drugs as the Commissioner of Narcotics, with the approval of the Secretary of the Treasury, may by regulation require. Such special records shall be open at all times to the inspection of any duly authorized officer, employce, or agent of the Treasury Department. SEC. 1. * * persons not registered as

ART. 186. Records required.—Persons registered in Class VI shall keep complete records of receipts, disposals, and stocks on hand, of all narcotic drugs and lists sample items as a guide:

cial order forms used to obtain narcotic drugs and preparations shall be retained (see Art. 88) and inventory on Form 713 shall be prepared, the original of which shall be kept on file by the maker and the duplicate forwarded to the collector of internal revenue with the application for registration (see Art. 10). A special record shall be kept showing the date, kind, and quantity of narcotic drug or preparation used, the particular purpose or object of such use, and of the identification and disposition of the narcotics or resulting products or residues so used, showing the date, quantity of resulting products or residues, and manner of disposition.

Forms are not furnished for the keeping of this record, but the record shall be in the following form, which

Narcotic used			Identification and disposition of narcotics or resu products and residues			n of narcotics or resulting dresidues	
Date	Kind	Quan- tity	Purpose	Date	Products or residues	Quan- tity	Disposition (destroyed, retained or returned)
	Thebaine Morphine Narcotine Crude opium	1 oz 1 oz 30 gr 1 lb	Experimental synthesis. Experimental synthesis. Mineral analysis Assay.		None Codeine None Crude opium.	None. ½ oz None. ½ lb	Retained for instructional exhibit.

ART. 187. Handling of drugs.—Official | refuses or fails to pay may likewise be order forms shall be used to cover all reported for assessment. transfers of narcotic drugs to and from registrants in Class VI, including preparations and remedies which might otherwise be exempt from this requirement under section 6 of the Act.

Any product or residue resulting from the use of a narcotic drug or preparation obtained upon an order form, which is desired to be retained for further research, instruction or analysis, shall be placed in a container legibly labeled with the name of the product or residue and the date produced.

Any sale of a narcotic drug or preparation by a registrant in Class VI will render him liable to registration and to payment of tax in Classes I or II, as the facts may warrant, and to compliance with all other requirements of the law and regulations governing sales by registrants in Classes I or II.

CHAPTER IX. ADMINISTRATIVE PROVISIONS Assessment of Tax

SEC. 3182. United States Revised States.—The Commissioner of Internal Revenue is hereby authorized and required to make * * assessments of all taxes make * * assessments of all taxes and penalties * * where such taxes had not been duly paid by stamp at the time and in the manner provided by law,

ART. 188. Assessment of taxes not paid by stamp.—Tax due on narcotic drugs not paid by attachment of stamps to

Sec. 1105. Revenue Act of 1932, as amended by section 510, Revenue Act of 1934 -

(a) If the Commissioner believes that the (a) If the Commissioner believes that the collection of any tax (other than income tax, estate tax, and gift tax) under any provision of the internal-revenue laws will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and negalities the expired, immediately assess such tax (together with all interest and penalties the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful without regard to the period prescribed in section 3187 of the Revised Statutes, as amended. amended.

(b) The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties, as the collector deems necessary, conditioned upon the payment of the amount collection of which is stayed, at the time at which, but for this section, such amount would be due.

Art. 189. Jeopardy assessment. Whenever, in the opinion of the collector, the collection of tax will be jeopardized by delay, he shall report the matter promptly to the Commissioner of Internal Revenue by telegram or letter. The communication should recite the full name and address of the person tion as will enable the Commissioner immediately to determine and assess the tax due, together with all penalties.

If a jeopardy assessment is made, the taxpayer may stay the collection of the tax by filing with the collector a bond in such amount, not exceeding double the amount of the tax, and with such sureties, as the collector deems necessary, conditioned upon the payment of the tax at the usual time. In lieu of surety or sureties the taxpayer may deposit with the collector United States Liberty bonds or other bonds or notes of the United States having a par value not less than the amount of the bond required to be furnished, together with an agreement authorizing the collector to sell or collect the bonds or notes in case of default.

Sec. 1118 (a) Revenue Act of 1926.—Collectors may receive, at par with an adjustment for accrued interest, notes or certificates of indebtedness issued by the United States and uncertified checks in payment of income, war-profits, and excess-profits taxes and any other taxes payable other than by stamp, during such time and under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe; but if a check so received is not paid by the bank on which it is drawn the person by whom such check has been ten-dered shall remain liable for the payment of the tax and for all legal penalties and additions to the same extent as if such check had not been tendered.

ART. 190. Payment by check, etc.-Collectors may receive uncertified checks in payment of assessments (but not in payment for stamps), if such checks are collectible at par-that is, for their fullamount, without deduction for exchange or other charges. The collector will stamp on the face of each check before deposit the words "This check is in payment of an obligation to the United States and must be paid at par. No protest.", with his name and title.

If the bank upon which any such check is drawn refuses, for any reason, to pay it at par, the check shall be returned through the depository bank and treated as a dishonored check. All expenses incident to the attempt to collect such check and the return of it through the depository bank shall be borne by the drawer, since no deduction can be made from amounts received in payment of taxes. Unless the taxpayer whose check has been returned uncollected by the depository bank makes the check good immediately, or pays the amount thereof, the collector shall proceed to collect the tax as though no check had been given. A taxpayer who tenders a check, whether certified or not, in payment of taxes, is not released from his obligation until the check has been paid.

Redemption of, or Allowance for Stamps

Act of May 12, 1900, as amended by section 1013 (a) of the Revenue Act of 1924.—That the Commissioner of Internal Revenue, subcontainers shall be reported for assessing the kind and amount of tax, ment. Special tax which the taxpayer the period involved, and such statement satisfactory evidence of the facts, make

for which the owner may have no use, or which through mistake may have been imwhich through mistake may have been improperly or unnecessarily used, or where the rates or duties represented thereby have been excessive in amount, paid in error, or in any manner wrongfully collected. Such allowance or redemption may be made, either by giving other stamps in lieu of the stamps or allowed for or redemed or by refunding so allowed, for or redeemed, or by refunding the amount or value to the owner thereof deducting therefrom, in case of repayment the percentage, if any, allowed to the pur-chaser thereof; but no allowance or redemp-tion shall be made in any case until the stamps so spoiled or rendered useless shall have been returned to the Commissioner of Internal Revenue, or until satisfactory proof has been made showing the reason why the same cannot be returned; or, if so required by the said Commissioner, when the person presenting the same cannot satisfactorily trace the history of said stamps from their issuance to the presentation of his claim as aforesaid. aforesaid. * * * * Provided, further, That no claim for the redemption of, or allowance for, stamps shall be allowed unless presented within four years after the purchase of such stamps from the Government.
Sec. 2. That the finding of facts in and

the decision of the Commissioner of Internal Revenue upon the merits of any claim pre-sented under or authorized by this Act shall, in the absence of fraud or mistake in mathematical calculation, be final and not subject to revsion by any accounting officer.

Sec. 3. That all laws and parts of laws in conflict with any of the provisions of this Act are hereby repealed.

ART. 191. Claims.—Amounts paid for stamps used in excess, spoiled, destroyed, or rendered unless or unfit for the purpose intended, may be refunded, upon claim properly presented to the collector. All claims for the redemption of or allowance for stamps shall be presented to the collector on Form 843 within 4 years after the purchase of said stamps from the Government. In filing a claim for the redemption of or allowance for stamps covering the tax on narcotic drugs, the stamps involved shall be submitted therewith, or if it is impracticable to submit the stamps, they shall be presented to a deputy collector or other authorized internal-revenue representative. who shall write on the face of the stamps the words "Claim for refund filed" and a statement from such internal-revenue representative shall be furnished showing that such endorsement has been made. The claim shall be forwarded to the collector of internal revenue for the district in which the taxpayer is located who shall certify as to the date the stamps were purchased. The provisions of Sections 3220 to 3228, United States Revised Statutes, do not apply to the redemption of or allowance for internalrevenue stamps, and the authority for such redemption or allowance is the Act of May 12, 1900 (31 Stat. 177), as amended by Section 1013 (a) of the Revenue Act of 1924, set forth hereinbefore.

SEC. 3220. United States Revised Statutes, as amended by section 1111 of the Revenue Act of 1926 and section 619 (b) of the Revenue Act of 1928.—Except as otherwise provided by law in the case of income, warprofits, excess-profits, estate, and gift taxes, the Commissioner of Internal Revenue, sub-

allowance for or redeem such of the stamps, issued under authority of law, to denote the payment of any internal-revenue tax, as may have been spoiled, destroyed, or rendered useless or unfit for the purpose intended, or collected without y, and all taxes that the constant of the purpose intended, or collected without y, and all taxes that the constant of the purpose intended or collected without y, and all taxes that the constant of the purpose intended or collected without y, and all taxes that the constant of the purpose intended or collected without y and all taxes that the constant of the purpose intended or collected without y and all taxes that the constant of the purpose intended or collected without y and all taxes that the constant of the purpose intended or collected without y and all taxes that the constant of the purpose in the purpose ed or exec appear to be unjustly ass appear to be unjustly assessed or executive in amount, or in any manner transfully collected; also to repay to any collector or deputy collector the full amount of such sums of money as may be recovered against him in any court, for any internal-revenue taxes collected by him, with the cost and expense of suit; also all damages and costs recovered against any accepts, excitant assessor, collector, deputy collector, event, or expense of cuit; also all damages and each recovered egainst any except, each tant assessor, collector, deputy collector, egainst him by reason of anything done in the due performance of his calcial duty, and shall make report to Congress at the heginning of each regular session of Congress of all transactions under this section.

See 2028 United States Deviced Statutes.

under this rection.

Sec. 3228. United States Review Statutes, as amended by excellen 1112 of the Revenue Act of 1926, excellen 619 (c) of the Revenue Act of 1928, and excellen 1100 of the Revenue Act of 1932.—(a) All claims for the refunding or crediting of any internal-revenue tax alleged to have been erroneously or illegally exceeded as collected and on which the second processes. assessed or collected, or of any penalty alleged to have been collected without authority, or of any sum alleged to have been executive or in any manner wrengfully collected much, except as otherwise provided by law in the case of income, war-profits, except-profits, estate, and gift taxes, he presented to the Commissioner of Internal Revenue within four years next after the payment of such tax, penalty, or sum. The amount of the re-fund (in the case of taxes other than income, nund (in the case of texts other than income, war-profits, execut-profits, ectain, and gift taxes) shall not exceed the portion of the tax, penalty, or cum paid during the four years immediately preceding the filing of the claim, or if no claim was illed, then during the four years immediately preceding the allowance of the refund.

Sec. 1106 (b) of the Revenue Act of 1932 The amendment made by subsection (a) of this section to section 3223 of the Revised Statutes shall not bar from allowance a claim for refund filed prior to the enerthent of this Act which but for such enerthent would have been allowable.

Arr. 192. Refunds.—As indicated hereinbefore, the tax on narcotics is ordinarily paid by the purchase and affixing of stamps, while special-tax ctamps are issued in payment of special taxes. However, in exceptional cases, such taxes may be paid pursuant to accessment. Claims for refund of amounts so paid by assessment are governed by sections 3220 and 3228, United States Revised Statutes, as amended. Such claims are not valid unless presented within 4 years next after payment of the taxes.

Lliscellaneous

ART. 193. Safeguarding of narcotics. Narcotic drugs and preparations shall at all times be properly safeguarded and securely kept where they will be available for inspection by properly authorized officers, agents, and employees of the Treasury Department.

ART. 194. Procedure in case of loss.-Where, through breakage of the container or other accident, otherwise than in transit, narcotics are lost or destroyed, the person having title thereto shall make afildavit as to the kinds and quantities of narcotics lost or destroyed and the circumstances involved, and immediately forward the affidavit to the narcotic district supervisor. A copy of such affidavit shall be retained and filed with the other narcotic records. See appendix position, and the quadruplicate for-

the consignee shall immediately upon ascertainment of the occurrence file with the narcotic district supervisor, a sworn statement of the facts, including a list of the narcotics stolen, lost, or destroyed, and documentary evidence that the local authorities were notified. A copy of the sworn statement shall be retained and filed with the other narcotic records of the consignee.

A loss in transit does not authorize a vendor to duplicate a shipment on the eame order form. A separate order form covering each and every shipment of narcotics is required.

Ann. 195. Procedure on discontinuance of business.-Where it is desired to discontinue business the taxpayer shall, before the discontinuance, dispose of all nercotics on hand and return all ununed order forms to the collector for cancellation. Where the discontinuance cccurs on any date other than June 39 the taxpayer shall also return the spacial-tax stamp or stamps to the collector who will mark each such stemp "Business discontinued" with the date, and return the stamp to the tampayer who chall file it with his narcotic records and retain it for a period of not less than 2 years. Narcotics on hand may be disposed of either by disposition with the approval of the collector to another regintrant or exempt official pursuant to official order forms or orders of purchase, or as provided in Article 188 for the disposition of excess and undesired narcotics.

In the case of Class I or II registrants returns for periods subsequent to the date of discontinuance will not be demanded, provided all narcotics have been disposed of and an affidavit is submitted in duplicate to the collector certifying to that effect and that no further transactions of the class for which registration is discontinued will be consummated. The collector will forward one copy of this affidavit to the Commissioner of Narcotics.

ART. 196. Excess and undesired narcolico.—Excess and undesired narcotics in the possession of a registrant may be disposed of by shipment, charges prepaid (shipments by mail shall not be made), to the narcotic district supervisor of the district. If the person has paid tex in a class under which returns are required to be randered and the narcoffes to be dispessed of are a part of the stock for such class, an inventory of the nercotics chipped shall be prepared in quadruplicate on the form used for detailed reporting of dispositions. The original inventory shall be filed with the return for such class for the month in which the disposition takes place, the duplicate copy made a part of the retained copy of the return, the triplicate copy forwarded with the narcotics when shipped for diswarded to the narcotic district supervisor. If the narcotics are held in a class for which returns are not required, an inventory shall be prepared in quadruplicate on Form 142, the triplicate of which shall be forwarded with the narcotics when shipped, the duplicate retained on file by the taxpayer for a period of 2 years, and the original and quadruplicate forwarded to the narcotic district supervisor.

In any case the shipper shall notify the narcotic district supervisor when the shipment is made, advising of the size and description of the container in which the narcotics are being forwarded, and enclosing the required copy or copies of the inventory. The narcotic district supervisor will forward the original copy of Form 142 to the Commissioner of Narcotics.

Accumulated manufacturing wastes or other excess or undesired narcotics in the possession of registrants may be destroyed by such registrants in the presence of such of the narcotic inspectors or agents as may be specifically authorized by the Commissioner of Narcotics to witness such destruction. Such authorization shall be in writing and signed by the Commissioner. It may be either general, authorizing the inspector or agent to witness such destruction in connection with any inspection or investigation conducted by him, or may be specific, authorizing him to witness such destruction in specified instances. In all cases the terms of the written authorization shall be strictly followed.

ART. 197. Court sales.—Court officers in making sales of narcotics under judicial proceedings shall require the purchaser thereof, who must be a registered person or exempt official, to make out official order forms or purchase orders therefor, the originals to be given to the registrant and the duplicates to be retained by the purchaser.

ART. 198. Sales of unclaimed freight or express packages.—The sale of unclaimed freight or express packages containing narcotics, by officials of railways and express companies, at public auction, to unregistered persons, is in violation of the law.

When a sale of such packages is to be made the narcotic district supervisor shall be notified by the railway or express officials in advance. A narcotic officer will be detailed to inspect all unclaimed packages to be sold and identify such as contain narcotic drugs. He must be present at the time of the sale to see that the packages containing narcotics are sold only to registered persons pursuant to official order forms, or to exempt officials on orders of purchase.

SEC. 5. * * And collectors of internal revenue are hereby authorized to furnish upon written request, to any person, a certified copy of the names of any or all persons who may be listed in their respective collection districts as special taxpayers under the provisions of this Act, upon payment of a fee of \$1 for each one hundred names or fraction thereof in the copy so requested.

SEC. 3240. United States Revised Statutes, as amended.—Each collector of internal revenue shall, under regulations of the Commissioner of Internal Revenue, place and keep conspicuously in his office, for public inspection, an alphabetical list of the names of all persons who shall have paid special taxes within his district, and shall state thereon the time, place, and business for which such special taxes have been paid, and upon application of any prosecuting officer of any State, county, or municipality he shall furnish a certified copy thereof, as of a public record, for which a fee of one dollar for each one hundred words or fraction thereof in the copy or copies so requested may be charged.

ART. 199. List of taxpayers.—The list of narcotic special-tax payers required by the foregoing statute shall be kept on Record 10, and may be inspected and copied in the collector's office at such reasonable and proper times as not to interfere with the collector's use of it, or exclude other persons from inspecting it.

SEC. 3. That any person who shall be registered in any internal-revenue district under the provisions of section one of this Act, shall, whenever required so to do by the collector of the district, render to the said collector a true and correct statement or return, verified by affidavit, setting forth the quantity of the aforesaid drugs received by him in said internal-revenue district during such period immediately preceding the demand of the collector, not exceeding three months, as the said collector may fix and determine; the names of the persons from whom the said drugs were received; the quantity in each instance received from each of such persons; and the date when received.

ART. 200. Special reports.—Statements pursuant to the foregoing section shall be rendered on Form 680 in the manner and at the time requested by the collector of internal revenue.

SEC. 5. That the duplicate order forms and the prescriptions required to be preserved under the provisions of section two of this Act, and the statements or returns filed in the office of the collector of the district, un-der the provisions of section three of this Act, shall be open to inspection by officers, agents, and employees of the Treasury Department duly authorized for that purpose; and such officials of any State or Territory or of any organized municipality therein, or of the District of Columbia, or any insular possession of the United States, as shall be charged with the enforcement of any law or municipal ordinance regulating the state of the properties of dimensions decline to the sale, prescribing, dispensing, dealing in or distribution of the aforesaid drugs. Each collector of internal revenue is hereby authorized to furnish, upon written request, certified copies of any of the said statements or returns filed in his office to any of such officials of any State or Territory or organized municipality therein, or the Dis-trict of Columbia, or any insular possession of the United States, as shall be entitled to inspect the said statements or returns filed in the office of the said collector, upon the payment of a fee of \$1 for each one hundred words or fraction thereof in the copy or copies so requested. Any person who shall disclose the information contained in the said statements or returns or in the said duplicate order forms, except as herein expressly provided, and except for the purpose of enforcing the provisions of this Act, or for the purpose of enforcing any law of any State or Territory or the District of Columbia, or any insular possession of the United States, or ordinance of any organized municipality therein, regulating the sale, prescrib-ing, dispensing, dealing in, or distribution of the aforesaid drugs, shall, on conviction, be fined or imprisoned as provided by section

ART. 201. Records open to inspection.—Any officer, agent, or employee of the Treasury Department authorized to enforce the act, and any officer of any State, Territory, the District of Columbia, or insular possession of the United States charged with the enforcement of any law or municipal ordinance relating to the traffic in narcotic drugs, shall have authority to examine the books, papers, and records kept pursuant to these regulations, and may require the production thereof.

All order forms, duplicate forms, prescription records, returns, and inventories required under the act or these regulations to be kept on file shall be kept so that they can be readily inspected.

Forfeitures and Penaltics

Sec. 1. * * That all unstamped packages of the aforesaid drugs found in the possession of any person, except as herein provided, shall be subject to selzure and forfeiture, and all the provisions of existing internal-revenue laws relating to searches, selzures, and forfeiture of unstamped articles are hereby extended to and made to apply to the articles taxed under this Act and the persons upon whom these taxes are imposed. * *

Sec. 705 of the Revenue Act of 1926.—All opium, its salts, derivatives, and compounds, and coca leaves, salts, derivatives, and compounds thereof, which may now be under selzure or which may hereafter be selzed by the United States Government from any person or persons charged with any viciation of the Act of October 1, 1890, as amended by the Acts of March 3, 1897, February 9, 1909, and January 17, 1914, or the Act of December 17, 1914, as amended, shall upon conviction of the person or persons from whom selzed be confiscated by and forfeited to the United States, and the Secretary is hereby authorized to deliver for medical or selentific purposes to any department, bureau, or other agency of the United States Government, upon proper pelleation therefor under such regulation as may be prescribed by the Commissioner, with the approval of the Secretary, any of the drugs so selzed, confiscated, and forfeited to the United States.

The provisions of this section shall also apply to any of the aforesaid drugs solzed or coming into the possession of the United States in the enforcement of any of the above-mentioned Acts, where the owner or owners thereof are unknown. None of the aforesaid drugs coming into possession of the United States under the operation of said Acts, or the provisions of this section, shall be destroyed without certification by a committee appointed by the Commissioner, with the approval of the Secretary, that they are of no value for medical or scientific pur-

ART. 202. Disposition of forfeited narcotics.-Narcotic drugs forfeited to the United States under these provisions of the law may be delivered to any department, bureau, or other agency of the United States Government upon proper application addressed to the Commissioner of Narcotics. The application shall show the name, address, and official title, bureau, or agency, and department, of the person to whom the narcotics are to be delivered, the kind and quantity of narcotics desired, and the purpose for which intended. The delivery of such narcotics shall be ordered by the Commissioner of Narcotics if, in his opinion, there exists a medical or scientific need therefor. The order will be filled by the quirements in any particular are liable to Drugs Disposal Committee which will obtain a receipt for narcotic drugs delivered. to a fine of not more than 62,000 or im-

Sec. 9. That any person who violates or fails to comply with any of the requirements of this Act shall, on conviction, be fined not more than \$2,000 or be imprisoned not more than five years, or both, in the discretion of the court.

ACT OF AUGUST 12, 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a person who, after having been convicted of selling, importing, or exporting, or conspiring to sell, import, or export, oplum, cocaleaves, cocaine, or any salt, derivative, or preparation of opium, cocaleaves, or cocaine, again sells, imports, or exports, or conspires to sell, import, or export, any of the said narcotic drugs, in violation of the laws of the United States, shall, upon conviction of such second offense, be fined not more than \$5,000 or imprisoned in a Federal penitentiary for not more than ten years, or both, in the discretion of the court, whenever the fact of such previous conviction is established in the manner prescribed in section 3 of this Act.

Sec. 2. A person who, after having been two times convicted of selling, importing, or exporting, or conspiring to sell, import, or export, opium, coca leaves, cocaine, or any sait, derivative, or preparation of opium, coca leaves, or cocaine, again sells, imports, or exports or conspires to sell, import, or export, any of the said narcotic drugs, in violation of the laws of the United States, shall, upon conviction of such third offense, or any offense subsequent thereto, be fined not more than \$10,000 or imprisoned in a Federal penitentiary for not more than twenty years, or both, in the discretion of the court, whenever the fact of such previous convictions is established in the manner prescribed in section 3 of this Act.

ous convictions is established in the manner prescribed in section 3 of this Act.

Sec. 3. Whenever it shall appear, after conviction and before or after sentence, that a person convicted of unlawfully selling, importing, or exporting, or conspiring unlawfully to sell, import, or export, any of the narcotic drugs enumerated in this Act has previously been convicted of unlawfully selling, importing, or exporting, or conspiring unlawfully to sell, import, or export, any of said narcotic drugs, in violation of the laws of the United States, it shall be the duty of the United States district attorney for the district in which such subsequent conviction was had to file an information alleging that the defendant has previously been so convicted, and further alleging the number of such previous convictions. The court in which the defendant was convicted shall cause the said defendant, whether confined in prison or otherwise, to appear before it and shall apprise him of the allegations of the information and of his right to a trial by jury as to the truth thereof. The court shall inquire of the defendant whether he is the person who has previously been convicted. If the defendant states he is not such person, or if he refuses to answer or remains ellent, a plea of not guilty shall be entered by the court, and a jury shall be empaneled to determine whether the defendant is the person alleged in the information to have previously been convicted, and the number of such previous convictions. If after a trial on the sole issue of the truth of such allegations the purished as prescribed in sections 1 or 2 of this Act, as the case may be, and the previous sentence of the court, if any, shall be vacated and there shall be deducted from the new sentence the amount of time actually served under the sentence so vacated.

ART. 203. Specific penalty.—Persons who violate the act or fail to fulfill its re-

quirements in any particular are liable to punishment, the maximum liability being to a fine of not more than \$2,000 or imprisonment for not more than 5 years, or both, for each offense. However, attention is invited to the provisions of the Act of August 12, 1937 (U. S. C., Supp. III, title 21, sec. 200), which provides for additional punishment for second, third and subsequent offenders in certain cases.

General

ART. 204. Correspondence. — Correspondence relative to interpretation of the law and these regulations should be addressed to the Commissioner of Narcotics, Washington, D. C. All remittances shall be sent and inquiries relative to registration and requests for blank forms addressed to the local collector of internal revenue. Correspondence regarding charges of violations of the law or regulations chould be addressed to the narcotic district supervisor in charge of the proper district. (See appendix for list of collectors and narcotic district supervisors.)

ART. 205. Effective date.—These regulations shall take effect June 1, 1930, and shall supersede all regulations heretofore made and promulented.

ART. 206. Promulgation of regulations.—In pursuance of Sections 1, 2, 3 and 6 of the Act of December 17, 1914, cs amended; Section 4 (b) of the Act of March 3, 1927; and Section 3 (b) of the Act of June 14, 1930, the foregoing regulations are hereby made and promulgated.

[SEAL] H. J. Auslingen, Commissioner of Narcotles.

GUY T. HELVERING, Commissioner of Internal Revenue. Approved, June 1, 1938.

WAYNE C. TAYLOR, Acting Secretary of the Treasury.

[F. R. Dec. 38–1582; Filed, June 4, 1936; 11:40 a. m.]

FOOD AND DRUG ADMINISTRATION

REVISED REGULATIONS FOR THE INSPECTION OF CAMBED SHRIPE

SECRETARY OF AGRICULTURE:

Under the authority conferred by the Amendment of August 27, 1935, to the Federal Food and Drugs Act (Sec. 10A), I recommend the adoption and promulgation, to become effective July 1, 1930, of the following revised regulations to supersede the former regulations governing the inspection of canned chrimp.

[SEAL]

W. G. CALIPDELL,

Chief.

Approved: June 6, 1933.

H. A. Wallace,
Secretary of Agriculture.

[Public-No. 346-74th Congress]

AN ACT To amend Section 10A of the Federal Food and Drugs Act of June Co. 1908, as amended.

12 F. R. 987 (DI).

Be it entailed by the Senate and Rouse of Representatives of the United States of America in Compact According. That surprised the Act continued the Act for preventing the manufacture, sale, or transportation of edulterated or misbranist or presenting or deletation feeds, drups, maintifular, and liquons, and for regulating trails therein, and for other purposes," approved June 29, 1988, as amended, is amended to read as follows:

See, 1004. The Secretary of Agriculture, upon application of any pacing of any spatial and application of any pacing of any spatial decimal for chipment or cale within the jung-decimate importon to examine and importance importons to examine and importance food and the production, packing, and labeling thereof. If on such examination and inspection compilance is found with the providence of this Act and regulations promulgated thereunder, the applicant shall be authorized or required to mark the feed as provided by regulation to show such compilance. Services under this section chall be rendered only upon payment by the applicant of fees fixed by regulation in such amounts as may be necessary to provide equips, and maintain an efequate and efficient inspection carrier. Receipts from such fees chall be excelled to the Secretary of Agriculture for expenditures incurred in exprising out the purposes of this section, including expenditures for caleries of calditional importons when necessary to supplement the number of inspectors for warred for excenditures for caleries of calditional importons when necessary to supplement the number of inspectors for warred in carriers to congress has appropriated. The Section, indicated congress has appropriated. The Section provided chall be granted and maintained, and for otherwise carrying out the purposes of this cection. Any press who for each feed that the providence of this cection or regulations the providence authorized or required by the providence of this cection or regulations, and chall on convertion thereof he subject to imprisonment for not more than one year or a fine of not less than CLCO nor more than C5,000, or both such imprisonment and fine."

Approved, August 27, 1935.

APPLICATION FOR INSPECTION SERVICE

1. (a) Applications for inspection corvice on canned shrimp under the provicions of section 10A of the Federal Food and Drugs Act shall be on forms supplied by the Food and Drug Administration. A ceparate application shall be made for each inspection period in each establishment in which the service is applied for. Each application for an initial inspection period shall be accompanied by bank draft or certified check drawn to the order of the Treasurer, United States for \$350, as prescribed by regulation 13.

(b) An application by two or more packers for inspection service in one establishment to be jointly or severelly operated by them shall be accompanied by an agreement signed by such packers binding each to be jointly and severelly liable for the payment of all fees and deposits required for such establishment by regulation 13.

GRANTING OR REFUSING INSPECTION SERVICE; CANCELLATION OF APPLICATION

2. (a) The Secretary of Agriculture may grant the inspection service applied for when he determines that the establishment covered by such application complica with the requirements of regulation 6.

- (b) The Secretary may refuse to grant the inspection service at any establishment for cause. In case of refusal he shall notify the applicant of the reason therefor and shall return to such applicant the payment which accompanied the application, less any expenses incurred by the Administration for preliminary inspection of the establishment, or for other purposes incident to such application.
- (c) The applicant, by giving written notice to the Secretary, may withdraw his application for inspection service before an inspector is assigned to the establishment. In case of such withdrawal, the Secretary shall return to such applicant the payment which accompanied the application, less any expenses incurred by the Administration for preliminary inspection of the establishment, or for other purposes incident to such application.

INSPECTION PERIODS

- each establishment in which inspection service under these regulations is granted shall be six months; extension inspection periods, each of which shall begin at the close of the preceding inspection period, may be granted in such establishment on application accompanied by a deposit of \$120 as prescribed by regulation 13: Provided, That upon application by the packer and with the approval of the Administration, such service during any inspection period may be transferred from one establishment to another to be · operated by the same packer; but such transfer shall not serve to lengthen any inspection period or to take the place of of such transfer the packer shall furnish all necessary transportation of inspectors.
- (b) Each initial inspection period shall begin on or after July 1, but not later than September 15, of each year. No extension inspection period shall extend beyond June 30 of any year.
- (c) The date of the beginning of each initial inspection period shall be regarded as the date specified for the beginning of the service in the application therefor, or such other date as may be specified by amendment to such application and approved by the Administration; but if the Secretary is not prepared to begin the service on the specifled date, the date of the beginning of not be more than 100 yards apart unless such period shall be regarded as the date on which the service is begun.
- (d) Inspection service shall be continuous throughout the inspection periods, except that, where the canning of shrimp is suspended as a result of the enforcement of State conservation laws, the inspection service may be withdrawn for the period of suspension or any part thereof. An inspection period in which such a withdrawal occurs shall be lengthened to compensate for the time of withdrawal.

ASSIGNMENT OF INSPECTORS

- 4. (a) An initial assignment of at least one inspector shall be made to each establishment in which inspection service under these regulations is granted. Thereafter the Administration shall adjust the number of inspectors assigned to each establishment to the number required for continuous and efficient inspection.
- (b) Inspectors shall have free access at all times to all parts of the establishment to which they are assigned and to all fishing and freight boats and other conveyances catching shrimp for, or transporting shrimp to, such establish-

UNINSPECTED SHRIMP EXCLUDED FROM IN-SPECTED ESTABLISHMENTS

- 5. (a) No establishment to which inspection service on canned shrimp has been granted shall at any time thereafter can shrimp which has not been in-3. (a) The initial inspection period in spected under these regulations, or handle or store in such establishment any canned shrimp which has not been so inspected: but this paragraph shall not apply to an establishment after termination of inspection service therein as authorized by regulation 14.
 - (b) All shrimp delivered to or held in an establishment during an inspection period shall be subject to inspection, but certificates of inspection shall be issued under these regulations only on canned shrimp.

GENERAL REQUIREMENTS FOR PLANT AND EQUIPMENT

- 6. (a) All exterior openings of the canan extension inspection period. In case nery shall be adequately screened, and roofs and exterior walls shall be tight. When necessary, fly traps or other approved insect control devices shall be installed.
 - (b) Picking and packing rooms shall be separate, and fixtures and equipment thereof shall be so constructed and arranged as to permit thorough cleaning. Such rooms shall be adequately lighted and ventilated, and the floors thereof shall be tight and arranged for thorough cleaning and proper drainage. Blanching tanks shall not be located in picking room. Open drains from picking room shall not enter packing or blanching room. If picking and packing rooms are in separate buildings, such buildings shall adequate provisions are made to enable efficient inspection.
 - (c) All surfaces of tanks, belts, tables, flumes, utensils, and other equipment with which either picked or unpicked shrimp come in contact after delivery to the establishment, shall be of metal other than lead, or of other nonporous and easily cleanable material. Metal seams shall be smoothly soldered.
 - (d) Adequate supplies of steam and of clean, unpolluted running water shall be all keys to which shall be in the sole provided for washing, cleaning, and custody of the inspector.

- otherwise maintaining the establishment in a sanitary condition.
- (e) Adequate toilet facilities of sanitary type shall be provided.
- (f) An adequate number of sanitary wash basins, with liquid or powdered soap, shall be provided in both the picking and packing rooms. Paper towels shall be provided in the packing room.
- (g) Signs requiring employees handling shrimp to wash their hands after each absence from post of duty shall be conspicuously posted in the picking and packing rooms and elsewhere about the cannery as conditions require.
- (h) Suitable space and facilities shall be provided for the inspector to prepare records and examine samples, and for the safekeeping of records and equipment.
- (i) One or more suitable washing devices and one or more suitable inspection belts shall be installed for the washing and subsequent inspection of the shrimp before delivery to the picking tables.
- (j) Suitable containers, flumes, chutes, or conveyors shall be provided for removal of offal from picking room.
- (k) Picking tables shall be equipped with flumes supplied with clean, unpolluted water for removing the picked shrimp.
- (1) Equipment shall be provided for code marking cans or other immediate containers.
- (m) An automatic container counting device shall be installed in each cannery line.
- (n) Each processing retort shall be fitted with at least the following equipment:
- (1) An automatic control for regulating temperatures.
- (2) An indicating mercury thermometer of a range from 170° F. to 270° F. with scale divisions not greater than 2°. For steam cook such thermometers shall be installed either within a fitting attached to the shell of the retort or within the door or shell of the retort. For water cook such thermometers shall be installed in the door or shell of the retort below the water level. If the thermometer is installed within a fitting such fitting shall communicate with the chamber of the retort through an opening at least 1 inch in diameter. Such fitting shall be equipped with a bleeder at least 1/8 inch in diameter. If the thermometer is installed within the door or shell of the retort the bulb shall project at least two-thirds of its length into the principal chamber thereof.
- (3) A recording thermometer of range from 170° F. to 270° F. with scale divisions not greater than 2°. The bulb of such thermometer shall be installed as prescribed for the indicating mercury thermometer. The case which houses the charts and recording mechanism shall be provided with an approved lock,

- 0 to 30 pounds with scale divisions not greater than 1 pound. Such gauge shall be connected to the chamber of the retort by a short gooseneck tube. The gauge shall be not more than 4 inches higher than the gooseneck.
- (5) For steam cook, a blow-off vent of at least 34 inch inside diameter in the top of the retort.
- (6) For steam cook, a 1/2 inch bleeder in top of retort.
- (7) For steam cook, a baffle plate in the base of retort, unless retort baskets with perforated base plates are provided.

GENERAL OPERATING CONDITIONS

- 7. (a) The decks and holds of boats catching shrimp for, or transporting shrimp to, an inspected establishment, and the bodies of other conveyances so transporting shrimp, shall be kept in a sanitary condition. When necessary the shrimp shall be iced down immediately after they are caught, and shall be kept adequately refrigerated until delivery to cannery.
- (b) Canneries, cannery freight boats, and other cannery conveyances shall accept only fresh, clean, sound shrimp.
- (c) After delivery of each load of shrimp to the cannery, decks and holds of each boat and the body of each other conveyance making such delivery shall be washed down with clean, unpolluted water and all debris shall be cleaned therefrom before such boat or other conveyance leaves the cannery premises.
- (d) Before picking the shrimp shall be washed with clean, unpolluted water and then passed over the inspection belt and culled to remove all shrimp that are filthy, decomposed, putrid, or unfit for food, and all extraneous material.
- (e) Offal from picking tables shall not be piled on the floor, but shall be placed in suitable containers for frequent removal, or shall be removed by flumes, conveyors, or chutes.
- (f) Shrimp shall not be picked into cups but shall be picked into flumes which immediately remove the picked meats from the picking tables.
- (g) Picked shrimp being transported from one building to another before enclosure in the can or other immediate container shall be properly covered and record on the thermometer chart with protected against contamination.
- (h) From the time of delivery to the cannery up to the time of final processing, shrimp shall be handled expeditiously and under such conditions as to prevent contamination or spoilage.
- (i) The packer shall immediately destroy for food purposes all shrimp in his possession condemned by the inspector as filthy, decomposed, putrid, or unfit for food. Shrimp condemned on boat or unloading platform shall not be taken into the ice box or picking room.
- (j) All portions of the establishment shall be adequately lighted to enable the inspector to perform his duties properly.
- (k) All floors and other parts of the

- utensils shall be cleaned as often as may be necessary to maintain them in sani- lichment where packed, and (3) the size tary condition.
- (1) The packer shall require all employees handling shrimp to wash their hands after each absence from post of duty.
- (m) The packer shall require all employees to observe proper habits of cleanliness, and shall not knowingly employ in or about the establishment any percon afflicted with infectious or contagious disease.
- (n) Offal, debris, or refuse from any source whatever, shall not be allowed to

CODE MARKING

8. (a) Code marks shall be affixed to all cans and other immediate containers before they are placed in the processing

(4) A pressure gauge of a range from forms, and all fixtures, equipment, and reforts. Such marks shall show at least (1) the date of packing, (2) the estabof the shrimp when such shrimp were graded for size and are not in containers through which they are clearly visible.

(b) Keys to all code marks shall be

given to the inspector.

(c) Each lot shall be stored separately pending final inspection. For the purposes of these regulations all cans or other immediate containers bearing the same code mark shall be regarded as comprising a lot.

PROCESSING

- 9. (a) The closure of the can or other accumulate in or about the establishment. immediate container and the time and temperature of processing the canned chrimp shall be adequate to prevent bacterial spollage.
 - (b) The following processes shall be employed for the containers indicated:

Dry	Par:
1077	E

Kind of container	Liner	Elzo	Time at 216° F.	Time at 200° F.
Tin	One plan. do. do. The part. do. Three planers olum. do. do. do.	COT X SCS COT X 400 COT X 400 COT X 2003	83 minutes	G minuter. D2. Tominuter. C2minuter. D3. Gominuter. D5. D6. T minuter. T minuter.

W	ct	P	25	:
	_	_	_	

1			
Kind of container	Sizo	Timp at 2:10° F.	Timpos 27 P.
Tin Do Do Do Gless	162 x 000 211 x 600 207 x 203 207 x 200 202 x 510 003 x 700 2 to 9 fl. cc. inclusive.	29 minutes 23 minutes 22 minutes	19 minutes. De De, 12 minutes. 13 minutes. 15 minutes. 14 minutes.

- (c) For steam cook, blow-off vent shall be open during the coming-up period until the mercury thermometer registers at least 215° F. Bleeders shall emit steam during the entire processing period.
- (d) The inspector shall identify each the code mark of the lot to which such record relates and the date of such record. The Administration shall keep such charts for at least five years, and upon request shall make them available to the packer.
- (e) The packer shall keep for at least one year all shipping records covering shipments from each lot, and upon request shall furnish such records to any inspector of the Administration.

examination after canneig

drawn by the inspector from each lot of to approve labeling for use on or with canned shrimp and shall be chamined to canned shrimp inspected under these determine whether or not such canned regulations; approval shall be subject to establishment, including unloading plat-|shrimp conforms to all requirements of the condition that such labeling shall be

the Federal Food and Drugs Act, amendments thereto, and regulations there-

(b) The packer shall destroy for food purposas, under the immediate supervision of the inspector, all canned shrimp condemned by the inspector as not complying with regulation 9 (a), or as filthy, decomposed, putrid, or unfit for food.

LABRILING

- 11. (a) Labels on canned shrimp cavered by a certificate issued as authorized by regulation 12 (a) shall bear the mark "Production Supervised by U. S. Food and Drug Administration." Such mark shall be plainly and conspicuously displayed in type of uniform size and style on a strongly contrasting, uniform background; and shall appear on the principal panel or panels of the label so as to be easily observable in connection with the name of the article.
- (b) Two proofs, or one proof and one photostat thereof, or eight specimens of all labeling intended for use on inspected canned shrimp or on or within the cases therefor, shall be submitted to the Administration for approval. If proofs or photostat and proof are submitted, eight specimens of the labeling shall be sent to the Administration after printing. 10. (a) Adequate samples shall be The Administration is hereby authorized

so used as to comply with the provisions stored, and shall be accompanied by an shrimp complies with the laws of the of the Food and Drugs Act, amendments thereto, and regulations thereunder. The Administration is also authorized hereby to revoke any such approval for cause. The Administration shall not approve labeling for canned shrimp intended for export under the provisions of regulation 12 (e).

(c) No commercial brand or brand name appearing on labeling approved as authorized under (b) of this regulation, and no labeling simulating any such approved labeling, shall be used after such approval on canned shrimp other than that which has been handled, prepared and packed in compliance with all provisions of these regulations; but this paragraph shall not apply to any packer's labeling after termination of inspection as authorized by regulation 14, or to any distributor's labeling after three-months written notice by the owner thereof to the Administration that the use of such labeling on inspected canned shrimp has been discontinued and will not be resumed.

CERTIFICATES OF INSPECTION; WAREHOUS-ING AND EXPORT PERMITS

12. (a) After finding that the canned shrimp comprising any parcel (1) has been handled, prepared and packed in compliance with all provisions of these regulations, (2) bears labeling approved as authorized under regulation 11 (b), and (3) complies with all the provisions of the Food and Drugs Act, amendments thereto, and regulations thereunder, the inspector shall issue a certificate showing that such canned shrimp so complies. The certificate shall specify the code marks to which it applies, the quantity of the parcel so marked, the place where such parcel is stored, the size of the shrimp, the size and kind of containers, the type of pack, the commercial brand name on the labels, and the quality grade of the shrimp if it is fancy or broken. Such certificate shall become void if such labeling is removed, altered, obliterated, or replaced; but such canned shrimp may be relabeled under the supervision of an inspector and recertified if the inspector finds that, after being relabeled, it complies with the requirements laid down by this paragraph for the issuance of a certificate.

(b) Unless covered by certificate, canned shrimp shall be moved from an inspected establishment only for storage authorized under (c), or export authorized under (e), of this regulation, or for destruction as provided by regulation 10 (b).

(c) Applications to move unlabeled canned shrimp for storage in a warehouse elsewhere than in the establishment where such shrimp was packed shall be on forms supplied by the Administration. The application shall give the name and location of the warehouse in which such canned shrimp is to be evidence showing that such canned shall be made for each inspection period

agreement signed by the operator of such warehouse that inspectors shall have free access at all times to all canned shrimp so stored, and that conditions which will preserve the identity of each parcel of such canned shrimp shall be continuously maintained pending issuance of a certificate thereon or removal as authorized by (d) of this regulation. If such application is approved and it appears to the inspector that the canned shrimp comprising any parcel (1) has been packed in compliance with these regulations, (2) is not slack filled, and (3) conforms, except for the absence of labeling, to all requirements of the Food and Drugs Act, amendments thereto, and regulations thereunder, the inspector shall issue to the applicant, on his request, a warehousing permit covering such canned shrimp. Such permit shall specify the code marks to which it applies, the quantity of the parcel so marked, the places from and to which such parcel is to be moved, the size of the shrimp, the size and kind of containers, the type of pack, and the quality grade of the shrimp if it is fancy or broken. When any provision of the agreement is violated the Administration may revoke any permit issued pursuant to such agreement, and may also revoke its approval of the application for warehousing which accompanied such agreement.

(d) Unless covered by certificate, canned shrimp stored under the authority of (c) of this regulation shall be moved from the warehouse where stored only for restorage under such authority. or for return upon written permission of the inspector to the establishment where packed, or for export authorized under (e) of this regulation, or for destruction as provided by regulation 10 (b).

(e) The proviso of section 2 of the Federal Food and Drugs Act declares that no article shall be deemed misbranded or adulterated within the provisions of this Act when intended for export to any foreign country and prepared or packed according to the specifications or directions of the foreign purchaser when no substance is used in the preparation or packing thereof in conflict with the laws of the foreign country to which said article is intended to be shipped. Application to export canned shrimp under this proviso may be made after the applicant receives specifications or directions from a foreign purchaser for the shipment of unlabeled canned shrimp, or canned shrimp bearing labeling which fails to comply with section 8 or 10A of the Act or regulations thereunder only because of the absence of descriptive or informational statements, designs, or devices. The application shall be accompanied by (1) the original or a verified copy of such specifications or directions; (2),

foreign country to which it is intended to be shipped; and (3), if shipment of labeled canned shrimp is specified or directed, eight specimens of the labeling therefor. If canned shrimp prepared or packed according to such specifications or directions complies with the laws of such foreign country, and bears no labeling in violation of section 8 or 10A of the Act or regulations thereunder except for the absence of descriptive or informational statements, designs, or devices, the Administration shall direct the inspector to issue to the applicant an export permit covering such canned shrimp comprising any parcel ordered by such purchaser under such specifications or directions, when the inspector finds that such canned shrimp (1) was packed in compliance with the requirements of these regulations regarding sanitary conditions and processing, (2) is not filthy, decomposed, putrid, or unfit for food, (3) accords with such specifications and directions, and (4) is packed in cases plainly and conspicuously marked "For Export." Such permit shall specify the code marks to which it applies and the quantity of the parcel so marked, and shall show that such canned shrimp was packed under sanitary conditions, is wholesome, and accords with such specifications and directions. The applicant shall furnish to the inspector documentary evidence showing the exportation of all such canned shrimp. Canned shrimp intended for export under this paragraph shall not be stored in any warehouse in the United States elsewhere than in the establishment where such canned shrimp was prepared or packed, except on written permission of the inspector, or of the chief of the Food and Drug Administration Station within whose territory such warehouse is located.

INSPECTION FEES

13. (a) Except as otherwise provided by these regulations, the fee prescribed for inspection service shall be three (3) cents for each case of canned shrimp packed under such service. For the purpose of this regulation a case of canned shrimp shall be 48 No. 1 cans (211×400) or the equivalent thereof. Each application for an initial inspection period shall be accompanied by an advance deposit of at least \$180 to cover such fees. and thereafter similar advance deposits shall be made whenever necessary to prevent arrears in the payment of fees, unless the Administration on an estimate of output authorizes payment in other amounts. Any excess advance deposits so made for the fiscal year shall be returned to the packer by the Administration after the inspection service is closed in the establishment.

(b) In addition to the fee prescribed by (a) of this regulation, an advance deposit of \$120 multiplied by the numif so required by the Administration, ber of months of the inspection period less than \$180 shall accompany each Agriculture, Washington, D. C., whereapplication for an initial inspection upon after making appropriate records period, and subsequent deposits of \$180 shall be made at monthly intervals from the date of the beginning of such period as defined in regulation 3 (c) until the total amount of the deposit for the initial inspection period shall have been made. Each application for an extension inspection period shall be accompanied by a deposit of \$120 and at subsequent monthly intervals thereafter additional deposits of \$120 shall be made: but if the final deposit is to cover a time of less than 30 days, then such deposit shall be at the rate of \$4 for each day of such time. Advance deposits made under this paragraph shall be charged with the cost of the inspection service which has not been provided for by fees under paragraph (a) of this regulation and any appropriations made by Congress for such purpose. The deposits by each packer shall be so charged in the same ratio to the total deposits as the number of months of inspection service rendered in such packer's establishment bears to the total number of months of inspection service rendered in all establishments. The balance remaining after such charges have been made shall be returned by the Administration to the packers at the end of the fiscal year. When inspection service is withdrawn from an establishment as authorized by regulation 14 (a), the Administration shall not return to the packer any of the advance deposits made for such establishments; and such deposits shall be charged with the cost incurred and the balance transferred into the Treasury as a miscellaneous receipt. Such deposits shall not be included in the total deposits when computing charges against such total deposits.

- (c) A separate fee shall be paid to cover all expenses, incurred in accordance with the regulations of the Department, for salary, travel, subsistence, and other purposes incident to inspection for the purpose of issuing a certificate or warehousing or export permit on canned shrimp stored or held at any place at which a sea food inspector is not assigned.
- (d) When the cannery and the cannery warehouse of an establishment are located at different points of such distance apart that transportation between them is required for the inspector to perform his duties in the establishment, the (12 U.S. C. 1463 (13)), the rules and packer shall furnish such transportation or shall pay an extra fee to cover all expenses therefor.
- (e) All payments required by these hereby amended to read as follows: regulations shall be by bank draft or certified check, collectible at par, drawn to the order of the Treasurer, United and loan associations shall be made on ported by: States, and payable at Washington, D. C. All such drafts and checks except those for the payment required by regula- the purchase of such shares by the Section 1, shall be delivered to the inspector retary of the Treasury, provided that the approximately the amount of the last

thereof they will be endorsed and transmitted to the Chief Disbursing Officer. Division of Disbursement, Treasury Dapartment for deposit to the receipt account "128013 Deposits, Sea Food Inspection Fees, Food and Drug Administration."

(f) Refunds to the packers making advance deposits will be by check drawn on the Treasury of the United States pursuant to refund vouchers duly certified and approved by the designated administrative officers.

SUSPENSION, WITHDRAWAL, AND TERMINA-TION OF INSPECTION SERVICE

- 14. (a) The Administration may suspend and the Secretary may withdraw inspection service in any establishment (1) upon failure of the packer to comply with any provision of these regulations, or (2) upon the dissemination by the packer or any person in privity with him of any representation which is false or misleading in any particular regarding canned shrimp packed under the inspection service provided by these regulations.
- (b) When inspection service is suspended in an establishment, as authorized by (a) of this regulation, the Administration shall not lengthen the inspection period in such establishment to compensate for any of the time of suspension.
- (c) After inspection service for a fiscal year is closed in an establishment, but before the resumption of packing therein during the next fiscal year, the packer may terminate inspection service under these regulations by giving written notice of such termination to the Secretary.

[F.R. Doc. 38-1539; Filed, June 6, 1938; 11:37 a. m.1

TITLE 24—HOUSING CREDIT

FEDERAL HOME LOAN BANK BOARD

Rules and Regulations for Livestbullt BY HOME OWNERS' LOAN CORPORATION IN SECURITIES OF SAVINGS AND LOAN ASSOCIATIONS

Be it resolved, That pursuant to the authority vested in the Federal Home Loan Bank Board by subsection It of Section 4 of Home Owners' Loan Act of 1933 regulations for investment by Home Owners' Loan Corporation in securities of savings and loan associations are

Sec. 50. Authority.-Purchase of full paid income shares of Federal savings the same terms and conditions as have been heretofore authorized by law for and promptly scheduled to the Food and total amount of such shares in any one preceding purchase by the Corporation).

in each establishment. The sum of not Drug Administration, Department of acceptation held by the Secretary of the Treasury and the Corporation shall not exceed the total amount of such shares heretofore authorized to be held by the Secretary of the Treasury in any one association, and the Corporation may make deposits and purchase certificates of deposit, investment cartificates and or shares, in any institution, which is (1) a member of a Federal Home Loan Bank. or (2) whose accounts are insured under Title IV of the National Housing Act, as amended, if the institution is eligible for insurance under such Title. Purchasas herein authorized shall be made under the following procedure on such approved forms as are provided therefor.

Subscription to shares of state chartered building and loan associations shall be made in conformance with the procedure hereinafter prescribed for subscription by the Corporation to shares of Federal savings and loan associations.

Sec. 51. Procedure for Federal sarings and loan accociations-Any Federal savings and lean association may request the Corporation to purchase its fullpaid income shares on the forms approved by the Board supported by:

(a) Statement of condition on the forms approved by the Board.

(b) Statement of loans (aggregating approximately the amount of the last preceding purchase by the Secretary of the Treasury of the United States or the Corporation) made since such last request to the Secretary of the Treasury or the Corporation (if such previous request has been made), using the form approved by the Board.

(c) The tender by the applicant of a duly executed certificate of full-paid income shares for the amount of such chares requested to be purchased, issued in the name of "Home Owners' Loan Corporation." Such tender shall be made with the understanding that if the request for purchase is approved and such purchase is made by the Corporation, certificates evidencing the interest purchased shall be delivered to the Corporation and such securities shall become issued and outstanding securities on the date of such purchase by the Corperation.

Sec. 52. Procedure for State chartered accociations.—Any institution which is a member of a Federal Home Loan Bank or whose accounts are insured under Title IV of the National Housing Act as amended may make application to the Corporation requesting it to purchase the shares, certificates of deposit or investment certificates of the applicant in the forms approved by the Board, and supported as follows:

- (a) If the applicant is an insured institution, such application shall be sup-
- (1) Statement of condition on the form approved by the Board.
- (2) Statement of loans (aggregating

made since such last request to the Corporation (if any such previous request has been made) using the form approved by the Board.

(3) If the applicant issues only one class of shares which participate equally in dividends and assets with all other shares, and does not accept deposits, applicant shall tender fully executed certificates of share interest for an amount equal to the amount of shares of such association requested to be purchased, issued in the name of "Home Owners' Loan Corporation." If the applicant issues more than one class of securities (that is, different classes of shares which participate unequally in assets or earnings with other classes or shares or certificates of deposit or investment certificates), the applicant shall tender fully executed certificates issued in the name of "Home Owners' Loan Corporation" evidencing the type of share interest or of creditor interest which gives to the holder of such security the most preferred participation in the assets and earnings of the institution. Such tender shall be made with the understanding that if the request for purchase is approved and such purchase is made by the Corporation, certificates evidencing the interest purchased shall be delivered to the Corporation and such securities shall become issued and outstanding securities on the date of such purchase by the Corporation. The securities tendered shall expressly provide how income thereon shall accrue and be payable in accordance with the charter and by-laws of the applicant.

(b) If the applicant is a member of a Federal Home Loan Bank but not an insured institution, such application shall

be supported by:

- (1) The financial report forms containing statements regarding the financial policies, condition, and management, which applicants for membership in a Federal Home Loan Bank are at the time of this application required to file in support of such application for membership. together with appropriate schedules.
- (2) Statement of loans on the forms approved by the Board.
- (3) Executed forms of securities shall be tendered in the manner and upon the conditions set forth in Section 52 (a) (3) above.

SEC. 53. Acceptance requirements .-Upon receipt by the Corporation of any such request, properly authorized, executed and supported, the applicant will be informed either:

- (a) That the Corporation rules that such request is approved without further examination, in which event the applicant will be required to pay the cost of office analysis of the application, as computed by the Corporation, or
- (b) That such request cannot be approved on the data submitted and that further examination and/or appraisal is necessary to determine whether the Corporation will make such purchase.

In the latter event, the applicant may either:

- (1) Withdraw its application, or
- (2) Request the Corporation to make such examination and/or appraisal as in its judgment may be necessary to determine whether the financial condition and the character of the Management are such that the purchase may be safely made by the Corporation. The examination shall be made in such manner as may be prescribed by the Corporation, the cost, as computed by the Corporation, of any such examination of applicant, including office analysis, audit and appraisals made in connection with such examination, overhead, per diem and travel expense, shall be paid by the applicant before any such purchase will be consummated. If the Corporation rules that appraisals are necessary in connection with any such examination. such appraisals will be conducted in accordance with the procedure governing appraisals made by the Federal Home Loan Bank Board in connection with the examinations conducted by said Board. It will be the policy of the Corporation by such purchases to make funds available for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. It is expected that substantially all of such funds will be employed in the financing of homes. Applicants for such funds whose total assets are less than \$100,000 may apply for investment by the Corporation at any time. Applicants for such funds whose total assets exceed \$100,000 shall first use at least 10% of their borrowing capacity to secure funds. Such applicant which shall have used 10% of its borrowing capacity shall be eligible for investments by the Corporation in amounts which at no time exceed sums borrowed by applicant in addition to the aforesaid 10% of its borrowing capacity until the applicant has exhausted 30% of its borrowing capacity, which percentage shall be the maximum use of its borrowing capacity required at any time to qualify the applicant for further approval of investments by the Corporation. On and after September 1, 1937 no further investments by purchase of shares will be made by the Home Owners' Loan Corporation except in rehabilitation cases of extreme need.

Sec. 54. Repurchase and withdrawal requirements.-Purchase of shares, certificates of deposit and investment certificates will be made by the Corporation only upon the understanding and agreement that no request will be made by the Corporation for the repurchase or withdrawal of such shares, certificates of deposit or investment certificates for a period of five years from the date of such purchase and that thereafter no institution shall be requested to repurchase or pay withdrawal requests in any one year in excess of 10 forth in Section 51 (b) hereof, except

per cent of the total amount invested by the Corporation in such institution. Investments repaid voluntarily to the corporation will be credited upon the next succeeding requests by the Corporation for the repurchase or withdrawal of investments from such institution to the extent of such voluntary repayments. If the applicant proposes at any time after the Corporation has purchased any of its securities to issue securities having participation in assets or earnings which is preferred as to the time or amount of payment to securities which the Corporation has purchased. the applicant will give the Corporation notice in writing of such intention and of the form of certificates evidencing such securities and a 30 days' option to surrender the certificates held by the Corporation in exchange for a like amount of securities having such preferred participation. If the application fails to grant such option, to give such notice or to issue to the Corporation in exchange for certificates held by the Corporation certificates for a like amount representing such preferred participation, the Corporation shall have the right forthwith to request the repurchase or withdrawal of such shares.

Sec. 55. Approved applicants.—An approved list of applicants for investment by the Corporation shall be established and maintained in the following manner:

Simultaneously with the approval by the Board of the first request for investment by the Corporation in the securities of an applicant, such institution shall be placed upon such an approved list which will be maintained by the General Manager and shall be made available to the Federal Home Loan Banks and such divisions of the Board's activities as the Board shall direct.

Each institution which is placed upon such approved list and which is under the supervision of the Board, as to examination and periodical reports resulting, either from rules and regulations governing its present status, or from its voluntary request for such supervision, shall remain thereon until such time as the Board by its action, based upon information contained in periodic reports filed by such institution or contained in reports of supervisory field examinations or from other sources, removes the institution from such approved list.

Each other institution shall remain on such approved list for a period of six months from the date when placed thereon, unless by action of the Board, based upon information received in reports filed by the institution or upon reports of examinations made by its supervisory authority or from other sources, it is removed from the list before the expiration of the six months period: but any such institution may be reinstated at any time upon such approved list by action of the Board after complying with the provisions as set that it shall not be necessary for such institution to support such subsequent application with instruments or documents which are exact duplicates of instruments or documents previously filed with its original application as provided in said Section.

So long as any institution remains upon such approved list, it may request investment by the Corporation by filing forms approved by the Board and duly executed forms of securities in the manner and upon the conditions set forth in Section 51 (c) or in Section 52 (a) (3) hereof whichever is applicable.

SEC. 56. 80 percent loan limitation: No investment will be made in the shares, certificates, or deposits of an institution authorized by law, its charter, or by-laws to lend in excess of 80% of the value of real estate securing its Ioans unless such institution commits itself to Home Owners' Loan Corporation in writing not to lend in excess of 80% of the value of the real estate securing its loans while Home Owners' Loan Corporation has an investment in its shares, certificates, or deposits, nor will such investment be made in such institution after its next regular stockholders meeting unless its by-laws are amended limiting its lending to such percentage of value. The foregoing provisions of this section shall not apply with respect to loans insured under Title II of the National Housing Act, as amended, and not exceeding the percentage of appraised value permitted under said Title, as amended.

Sec. 57. Fidelity bond requirements. The Board of Directors of each institution requesting share purchases by the Home Owners' Loan Corporation shall. before approval of such requests, procure a fidelity bond covering each officer, director or employee who has control over or access to eash or securities of such institution in the regular discharge of his duties; that in lieu of individual bonds for each officer, director or employee, such institution may procure a blanket bond covering all persons having control over or access to its cash and securities; that each of such bonds shall be executed by a responsible surety company or organization acceptable to this Board in a sum of not less than \$2,500 or 2 per cent of the assets of such institution up to \$1,250,000, whichever be the greater; and that such bond shall be approved by the board of directors of such institution; and institutions which employ collection agents outside of their home offices or branch offices, if any, who for any reason are not covered by the bond hereinabove described, shall provide for the bonding of such agents in an amount at least twice the average monthly collections of such agents, and that such agents be required to make settlement with the institution at least monthly, that the premiums upon all bonds shall be paid by such institutions, and receipts therefor shall at all times be in their possession.

vestments held by the Home Owners' ings and loan associations shall be governed by the following provisions:

(a) No request for the privilege of retiring any such investment held by the by revoked, effective June 1, 1938; and, Home Owners' Loan Corporation will be approved by this Board unless such request is submitted on a form approved by this Board and unless such request is received by this Board at its office in Washington, D. C., within 30 days subsequent to the last preceding dividend to be paid-in-full, loans to be recast unor interest date, accompanied by a check, postal money order or bank draft in the amount of the investment sought to be retired, together with any dividends or interest accrued, but unpaid, on such investment to the last preceding dividend or interest date.

(b) No request by an institution for the privilege of retiring any such investment held by the Home Owners' Loan Corporation will be approved by this Board if such institution has any outstanding investment held by the Secretary of the Treasury until such institution shall have retired or made provision satisfactory to this Board for the retirement of all investments held by the Secretary of the Treasury in such institution.

(c) No request by an institution for the privilege of retiring any investment held by the Home Owners' Loan Corporation in such institution will be approved by this Board unless such institution shall have retired or made provision catisfactory to this Board for the retirement of the Act of April 27, 1934 (43 Stat. of all investments made by said Corpora- 642-647) and particularly by sub-Section in such institution prior to the investment sought to be retired.

Sec. 59. Quadruplicate forms.—All forms must be executed in quadruplicate, and three copies sent to the Federal Home Loan Bank of the district wherein Mortgage Document Subsection, under the institution is located.

Sec. 60. Discretion of corporation .-Nothing herein contained shall be construed as in any way limiting the freedom of action or discretion of the ments pertaining thereto within the Re-Corporation in investing in the shares of applicant institutions.

Be it further resolved, That all resolutions or portions of resolutions heretofore adopted in conflict herewith are hereby

Bank Board on June 1, 1933.

[SEAL]

R. L. NAGLE, Sceretary.

[F.R. Doc. 38-1526; Filed, June 6, 1938; 11:69 a.m.]

HOME OWNERS' LOAN CORPORA-TION

AMENDING AUDITING CHAPTER OF MANUAL TO PROVIDE FOR DISCONTINUANCE OF CERTIFICATION BY AUDITOR OF PAID-IN-FULL LOADS

Be it resolved, That pursuant to the authority vested in the Board by Home

SEC. 58. Repurchase requests.—Re-| Owners' Loan Act of 1933 (48 Stat. 123. quests for the privilege of retiring in- 129) as amended by Sactions 1 and 13 of the Act of April 27, 1934 (43 Stat. Loan Corporation in securities of say- 643-647) and particularly by subsections a and it of Section 4 of said Act as amended, Section 1406 (b) of Chapter MIV of the Consolidated Manual is here-

> Be it further resolved, That Supervising Auditors in the Regional Offices at New York, Atlanta, Detroit and San Francisco, shall continue after June 1, 1938 to verify and certify statements prepared by Regional Accountants for Ioans der a new set of collateral instruments, and in connection with proposals for division or substitution of collateral, on a preaudit basis, compatible with Consolidated Manual regulations, until such time as, in the discretion of the Auditor, this audit function may be discontinued.

Adopted by the Federal Home Loan Bank Board on June 2, 1938.

[SHAL]

R. L. NAGLE, Secretary.

[P. R. Doc. 33-1533; Filed, June 6, 1933; 11:03 a. m.]

AMERIDING TREASURERS CHAPTER OF MAN-UAL TO PROVIDE FOR RELEASE BY RE-GIONAL TREASUREES OF PAID-IN-FULL LOAMS

Be it resolved, That pursuant to the authority vested in the Board by Home Owners' Loan Act of 1933 (43 Stat. 123. 129) as amended by Sections 1 and 13 tions a and It of Section 4 of said Act as emended, Section 750 of the Treasury Chapter of the Consolidated Manual is amended to read as follows:

Scenon 750. The Supervisor of the the general supervision of the Regional Treasurer, shall have custody of and be responsible for the safe-keeping of all loan files and valuable papers or instrugion, and the expeditious delivery of those instruments and papers to which a borrower is entitled upon payment in full of loan or upon the execution of a partial release.

Upon receipt of any satisfaction, re-Adopted by the Federal Home Loan lease or other appropriate instruments (in connection with a loan paid in full, a loan to be recast under a new set of collateral instruments, a substitution of collateral, or a partial release) from Regional Counsel accompanied by his cartificate that such instruments are in proper legal form for execution, and a statement of the account as certified by the Regional Accountant, the Regional Treasurer and the Assistant Regional Treasurer are each authorized and directed, individually, to execute such satisfaction, release or other appropriate instruments.

^{*1} P.R. 1000.

be promulgated by the Treasurer of the | fuel, and repairs to equipment and ma-Corporation, subject to the approval of the General Counsel, the General Manager, and the Budget Director, and

Be it further resolved, That the foregoing resolution shall not be effc ive in the New York, Atlanta, Detroit, and San Francisco Regional Offices until such time as certification of statements of accounts by Supervising Auditors is discontinued.

Adopted by the Federal Home Loan Bank Board on June 2, 1938.

[SEAL]

R. L. NAGLE, Secretary.

[F. R. Doc. 38-1587; Filed, June 6, 1938; 11:09 a.m.]

TITLE 25—INDIANS

OFFICE OF INDIAN AFFAIRS

RULES AND REGULATIONS GOVERNING THE LOANING OF FUNDS TO THE CHIPPEWA Indian Cooperative Marketing Asso-CTATION

Under the provisions of an Act approved August 15, 1935 (49 Stat. 654) the sum of \$100,000 now on deposit to the credit of the Chippewa Indians in Minnesota, or so much thereof as may be necessary, may be withdrawn from the Treasury of the United States and loaned to the Chippewa Indian Cooperative Marketing Association. Loans shall be made under the following rules and regulations:

1. The amount loaned to the Chippewa Indian Cooperative Marketing Association shall be available for all purposes necessary to the businesslike operation of a cooperative marketing organization, including the following:

(a) Purchase of land for building sites and such other purposes as are necessary for the economic conduct of the business of the association. Abstracts of title to all land must be furnished the Commissioner of Indian Affairs for examination and approval prior to the purchase;

(b) Improvements on lands, the title to which lands must be in the name of the association, or the Chippewa Indians in Minnesota, or held in trust by the Government for the Chippewa Indians in Minnesota;

(c) Machinery and equipment necessary for the proper conduct of its busi-

(d) Office supplies, stationery, equipment and such materials as may be required for the conduct of a businesslike office;

(e) Operating expenses of the association, including the salary of a manager and other employees, expenses incidental to truck operation, containers for commodities handled, transportation charges on commodities handled, the purchasing of products from Indians, the buying of supplies, insurance approved amount of the application. vouchers by number, date, and amount.

chinery used in the business;

(f) Compensation and expenses of attorneys, if reasonable in the opinion of the Commissioner of Indian Affairs;

(g) Reasonable expenses of directors in conducting the business affairs of the association:

(h) Costs incurred in the filing of with the affairs of the association; and

(i) Payment of costs for technical and professional services in the improvement of processing and marketing methods of crops and commodities of Indians.

2. The application for a loan must be made out in quintuplicate by the association, and presented to the superintendent of the Consolidated Chippewa Agency who will review the application, attach his recommendations thereto, and forward all copies to the credit agent of the region who will in turn attach his recommendations and forward all copies to the Commissioner of Indian Affairs. application shall contain:

- (a) A program showing the nature and extent of the enterprises to be undertaken:

(b) A statement of the general plan of operation, the financial policy and business methods to be followed, copies of proposed marketing contracts between members and the association, and a statement of the proposed bookkeeping and accounting system accompanied by sample forms to be used in connection therewith;

(c) A statement of provisions for establishing a reserve in accordance with Article X of the association's articles of incorporation;

(d) A statement of how and when repayment will be made:

(e) A statement of security or guarantee of repayment offered;

(f) A copy of the resolution of the board of directors of the association, certified by the secretary, authorizing the filing of the application for loan;

(g) A financial statement showing assets, liabilities and net worth of the association:

(h) A statement showing that the provisions of Article IV, Section 3 of the association's by-laws regarding bonding of the officers or employees has been, or will be, complied with;

(i) A statement showing the depository in which the association intends to place its funds, together with all information regarding the depository required by Article V, Section 4 of the bylaws;

(j) Any other reasonable data which the Commissioner of Indian Affairs may require for making a sound appraisal of the application.

3. Upon the approval of the application for a loan a commitment order shall be prepared in quintuplicate by the Secretary of the Interior to cover the

Procedure covering the foregoing shall | premiums, storage costs, lights, water, | The commitment order when accepted and signed by the authorized officer or officers of the association, shall constitute the agreement for making advances to the association. The association will retain one copy of the commitment order and application and submit the original and three copies of each to the superintendent. The superintendent will assign a contract number to the original papers and documents in connection and hold same for attachment to the first disbursement voucher, retain one copy of each for the agency files, and forward two copies of each to the credit agent of the region, who will forward one copy of each to the Commissioner of Indian Affairs.

4. All advances made in accordance with the commitment order shall be evidenced by promissory note or notes. A record of all advances and repayments shall be kept on the back of the note or notes, and interest charged only on advances from date of the check evidencing the advance, until paid.

5. The association may be required to give security for loans in the form of liens or mortgages on improvements, equipment, inventories, commodities, accounts receivable, and such other forms of security as are available. Advances shall not be made to the cooperative association until the instruments covering the security as prescribed by the Secretary of the Interior have been duly exccuted and delivered by the association to the superintendent. The association shall pay all costs of filing or recording the securing instruments.

6. A copy of the commitment order. and the properly executed note or notes, mortgage or mortgages and all accompanying papers shall be filed in an appropriate file in the agency office.

7. When the commitment order, the note or notes, and accompanying papers have been filed in the agency office, the association's written order or orders shall serve as the superintendent's authority to request the Indian Office for allotments and advances of funds and the authority for their expenditure. Requests for allotments and advances of funds shall be made in such amounts and at such times as are authorized by the commitment order and as the association may deem necessary to meet its requirements as set forth in the program submitted with the application.

8. Upon receipt of notice of allotment, authority for expenditure, advice that an accountable warrant has been issued by the Treasury Department, and the submission of a voucher in favor of the association on a form provided for the purpose, the superintendent will cause to be drawn by the appropriate regional disbursing officer an official check for the amount of the advance in favor of the bonded officer of the association for deposit in the approved depository. The original of the commitment order shall be attached to the first disbursement voucher and identified on subsequent est shall be made to the superintendent satisfactory to the Commissioner of In- cidered as security for the repayment of of the Consolidated Chippewa Agency dian Affairs and make reports as di- the loan and shall be governed by the who shall issue an official receipt to the association and shall take the amount into his appropriation ledger under "Sundry Receipts." The remittance shall then be scheduled as a repayment to the fund "Chippewa in Minnesota Fund" and forwarded to the appropriate regional disbursing officer for deposit to the credit of the United States.

10. The word "superintendent" whereever used herein means the administrative officer in charge of the Consolidated Chippewa Agency.

11. The association shall follow the plan of operation as specified in the application for loan and must expend funds for approved purposes only. Modifications in the use of funds may be made only with the approval of the Secretary of the Interior. Requests for such modifications shall be made in writing through the superintendent and the credit agent.

12. Should it appear, and, after hearing conducted by one of his authorized representatives, should the Secretary of the Interior determine, that the association has used or is using funds for purposes other than those for which the funds were granted or has failed to conform to other terms set forth in the application for loan, the accompanying papers, and the commitment order, the Secretary of the Interior may, with or without recourse to law, do any one or more of the following: (a) declare the loan to the association immediately due and payable; (b) discontinue further advances of funds provided for in the commitment order; (c) require the return of any funds remaining in the account of the association; (d) take possession of any and all property given as security for the loan by the association; and (e) direct, or arrange for the direction of, the management of the association until such time as the association offers acceptable assurance that it will function in accordance with its obligations.

13. The Commissioner of Indian Affairs may require the association to insure against loss by fire, or any other cause, property purchased with funds borrowed from the "Chippewa in Minnesota Fund" and property accepted as security for the repayment of such funds.

14. All advances of funds made to the Chippewa Indian Cooperative Marketing Association shall bear interest, payable annually, at four (4) per centum per annum from the time made until paid.

15. No loan shall be made for a longer period than ten years.

16. All records of the Chippewa Indian Cooperative Marketing Association shall be subject to inspection at all reasonable times by the Commissioner of Indian Affairs or his authorized representative or representatives.

17. During the time the association is

rected by him.

18. All reports of the auditor or auditors of the Chippewa Indian Cooperative must agree that all buildings, and Marketing Association accounts shall be submitted to the Commissioner of Indian Affairs, the credit agent, and the ered as part of the realty until the superintendent within ten (10) days after their completion.

19. Sound business practices are to be observed in fixing the prices to be paid for commodities.

20. No advance of funds chall be made the association for the production or manufacture of food products unless such production and manufacture shall be in compliance with the pure food laws of the United States and of the State of Minnezota.

Approved July 17, 1936. T. A. Walters, Acting Secretary of the Interior. [F.R.Dcc. 38-1576; Filed, June 4, 1939; 10:14 a. m.l

[Circ. 3143, Supp. 1]

MODIFICATION OF REGULATIONS GOVERN-ING LOADS TO LUDIAN CHARTERED COR-PORATIONS

TITLE TO PROPERTY, SECURITY, AND BILLS OF SALE

JULY 17, 1936.

To Superintendents and other Indian Service Employees:

Section 18 of the Regulations Governing Loans to Indian Chartered Corporations from the fund "Revolving Fund for Loans to Indian Corporations," as approved by the Secretary March 11, 1936, is modified to read as follows:

18. Title to Property, Security, and Bills of Sale

Title to property.--Except as otherwise provided for in the loan agreement between the corporation and the United States, all property purchased with credit revolving funds shall be purchased in the name of the United States in trust for the corporation.

The legal title to property purchased with credit funds for or by a corporate enterprise shall not be transferred to the corporation before the corporation has repaid in full the loan under which the property was purchased, except under the provisions of Section 23 of the regulations.

Except under the provisions of Section 28 of the regulations, neither the corporation's right to or interest in nor the legal title to property purchased with credit funds for or by a borrower of the corporation shall be transferred to him before he has repaid in full to the corporation the loan under which the property was purchased.

The increase or issue of any livestock

9. Repayment of principal and inter-|Fund" it must keep records in a manner of the United States also shall be conforegoing provisions of this section.

The corporation and its borrowers fences constructed entirely or in part with credit funds shall not be considloan under which they were constructed has been repaid in full to the corpora-

Security.—Unless other arrangements are approved by the Commissioner of Indian Affairs, appropriate liens, mortgages, or other securing instruments in favor of the United States must be furnished the United States by the corporation to cover property purchased with eredit funds which is not purchased in the name of the United States. Such instruments, as well as other securing instruments the corporation furnishes the United States on property for which the United States does not hold the legal title, must be filed, registered, or recorded in keeping with the local recording statutes, except when otherwise authorized by the Commissioner of Indian Affairs. Any expenses in connection with the execution and filing, registering, or recording of any securing instrument shall be borne by the maker of the instrument.

On all leans and advances made by the corporation, it must obtain from its borrowers all security possible, up to an adequate amount.

The corporation may require each borrower to agree that if he is in default any trust funds to or accruing to his eredit or any personal property of his may be applied on his indebtedness to the corporation.

Bills of cale.—The corporation must obtain from the vendors appropriate bills of sale for all purchases aggregating twenty-five dollars or more, and for all livestock, machinery, and equipment purchased with credit funds. When he has completely repaid his loan under which such property was purchased, the corporation shall release its interest in the property in favor of the borrower and the borrower may be furnished with a bill of sale upon receipt of his request therefor.

WILLIAM ZEMERHAN, Jr. Assistant Commissioner. Approved, July 23, 1936. HAROLD L. ICHES, Secretary of the Interior.

[P. R. Doc. 38-1571; Filed, June 4, 1933; 9:44 a. m.]

REGULATIONS FOR LOAMS TO INDIAN COOPERATIVES

The following regulations shall govern loans by the United States under the Olilahoma Indian Welfare Act (Public No. 816, 74th Congress) to Indian Cooperative Associations in Ohlahoma except indebted to the "Chippewa in Minnesota | purchased with credit funds in the name | to those engaged in relending funds loaned to them under the terms of the meetings without the required notice ments thereto, a list of the officers and

Definitions.--Except as otherwise indicated, "cooperative" refers to an Indian cooperative association organized under the Act, not engaged in relending funds loaned to it under the Act; "Commissioner" to the Commissioner of Indian Affairs; "superintendent" to the superintendent of the jurisdiction under which the principal office of the cooperative is to be located; "credit agent" to the credit agent in charge of loans under the Act in Oklahoma or his duly authorized associate; "Act" to the Oklahoma Indian Welfare Act (Public No. 816, 74th Congress); "loan agreement" collectively to the applicaton, notes, securing instruments and accepted commitment order.

- 1. Eligibility.—To be eligible for a loan, the cooperative must be organized in accordance with the terms of the Act and of the "Regulations for Organization of Indian Cooperative Associations." The cooperative must state in its application that all of its members are eligible for membership and must promise not to admit to membership any persons not eligible thereto.
- 2. Bylaws.-The bylaws of the cooperative must be arranged in the same general order and form as specimens that will be supplied by the Office of Indian Affairs to the superintendent, and must be approved by the Commissioner.
- a. Structure of the cooperative.—The bylaws of the cooperative shall make adequate provision for each of the following:
- (1) The time, place, and manner of holding, calling, adjourning, and postponing all meetings of members and directors and the requirements for quorums.
- (2) The number, titles, tenure of office. powers, duties, and manner of election, filling vacancies, and removal of the officers, directors, and committees if any.
- (3) The manner of making and recording receipts and disbursements and of keeping all accounts, records, books and minutes of the cooperative.
- (4) If the cooperative is organized with capital stock, the manner of issue, transfer, retirement, and evidence of ownership thereof.
- (5) The manner of expulsion and withdrawal of members.
- (6) The disposition of income, including the payment of debts and losses and the creation of reserves.
- b. Management of the cooperative .-The bylaws of the cooperative shall also provide:
- (1) That meetings of the members must be held at least annually; that the superintendent shall be given at least ten days written notice of all meetings and that he or his representative shall be permitted to attend; that all members shall be given at least ten days written notice of all meetings of members; that the Commissioner or the superintendent may call special meetings in the manner provided in the bylaws; that special

may be held if all members and the superintendent or his representative are rience, a complete statement of assets present.

- (2) That all officers and employees having custody of the cooperative's funds shall furnish and deposit with the superintendent bonds in favor of the cooperative satisfactory to the Commissioner unless he shall waive them because the cooperative's funds are handled by a bonded government disbursing officer or because a government employee designated by the superintendent countersigns all checks and orders; that the officers of the cooperative must all be directors except the treasurer and secretary thereof; that all directors must be members in good standing; that the compensation of all officers, directors, and employees shall be subject to the approval of the superintendent; that officers and directors shall be disqualified from acting on a question in which they have a personal pecuniary interest.
- (3) That the funds of the cooperative shall be deposited in a depository approved by the Commissioner.
- (4) That all transfers of the property of the cooperative, except in the usual course of its business, shall be by direction of the board of directors and shall be in writing and signed by the president and attested by the secretary of the cooperative.
- (5) That all the accounts, records, books, and minutes of the cooperative shall be subject to examination by the Commissioner or his representative at any reasonable time; that the cooperative shall maintain the same in a manner satisfactory to the Commissioner or his representative and shall make such reports as the Commissioner or his representative shall require; that the forms of all membership agreements shall be subject to the approval of the Commissioner or his representative.
- (6) That the cooperative shall take such legal action as may be necessary or desirable or may be required by the Commissioner or his representative to protect its rights or its property.
- (7) That any retail trade carried on by the cooperative shall be on a cash basis.
- (8) That any goods or services bought from members or sold to members by the cooperative shall be bought or sold at the prices prevailing in the profit business of the neighborhood or with which the association competes.
- (9) That the business of the association shall be conducted in accordance with recognized cooperative principles.
- 3. Procedure.—The application for the loan shall be submitted in quintuplicate to the superintendent on a form prescribed by the Secretary of the Interior. The application may be signed by any officer duly authorized by the board and shall contain a copy of the plan included in its application. The articles of association and bylaws of the plan shall be set forth fully and specificooperative and any pending amend- cally.

a statement of their training and expeand liabilities of the cooperative and such further information as may assist in the sound consideration of the applica-

The cooperative shall report any compensation it has paid or is obligated to pay anyone in connection with the preparation, submission, or consideration of said application. The cooperative shall promise to notify promptly the superintendent of any material change in any facts stated in its application. If the application is duly approved by the Commissioner, the Secretary of the Interior shall in his discretion grant the loan by issuing a commitment order which shall be effective if accepted by the cooperative within a period not to exceed ninety days from the date thereof and may be withdrawn at any time before acceptance. The acceptance of the cooperative must be approved by majority vote of the board of directors. The accepted commitment order shall be submitted in quadruplicate to the superintendent.

The money shall be advanced as near as possible at the time it is needed upon submission of vouchers prepared for the purpose if the cooperative has complied with its loan agreement to date. The time of each advance shall be stated as definitely as possible in the loan agreement. The cooperative shall execute a note or notes for each advance on forms approved by the Secretary of the Interior.

Repayment shall be made to the superintendent or his duly authorized agent for credit to the United States.

- 4. General loan policies.—The granting or refusal of the loan and its maximum amount shall be governed by the nature and extent of the enterprise to be financed, its prospects of success, the extent to which it will promote a permanent improvement of the economic condition of the members of the cooperative and the community, the willingness of the members to invest their own funds in the enterprise, and the amount and kind of security offered. A cooperative that is eligible for a loan from any incorporated tribe must show that an application to that tribe has been rejected before an application hereunder will be considered.
- 5. Purposes.-Loans may be granted for any legitimate purpose that conforms to the purposes of the association, except the purchase of land unless it is a site necessary to the operation of the cooperative's business. Preference shall be given to agricultural enterprises and to enterprises lying within or adjacent to Indian agricultural communities.
- 6. Plan.-The cooperative must agree to use the money in accordance with the

- 7. Size of loan.—No Loan shall be granted for less than \$50.
- with the purposes thereof.
- 9. Interest.—Interest shall be paid to the United States annually on all loans hereunder at the rate of three percent per annum from the date the money is advanced until repaid.
- 10. Security.-The cooperative shall execute and deliver as security for the loan the instruments provided for in its loan agreement. All possible security shall be given up to an adequate amount. It may consist of the assignment of income, mortgages on property owned wholly or in part by the cooperative, or other suitable security. The net proceeds of any sale of property given as security shall be applied on the payment of the loan unless the credit agent shall authorize some other disposition thereof.
- (a) Filing.—The cooperative shall file all securing instruments covering trust property in the agency office and file, register, or record, at its own expense all securing instruments covering nontrust property in accordance with Oklahoma law in such a way as to fully protect the interest of the United States herein.
- (b) Warranty.—The cooperative shall warrant that, except as stated in its application, the property given as security is owned by it absolutely, or is held in trust for it by the United States, is in its possession, free from all incumbrances and that it will warrant and defend the title thereof against the claims ness hereunder shall be repaid or until and demands of anyone.
- (c) Fixtures.—The cooperative must agree that, until fully paid for, all buildings, fences and fixtures the expense of whose erection is paid wholly or partly with the loan shall not be a part of the realty.
- (d) Insurance.—The cooperative shall carry the insurance specified in its loan agreement on all property purchased with or given as security for a loan.
- (e) Title to property purchased.—The cooperative may be required to agree that the title to all property purchased for resale, shall remain in the United States in trust for the cooperative until the loan is repaid.
- (f) Inspection.—The cooperative shall permit representatives of the Indian Service to enter its premises at any reasonable time to inspect the property purchased with or given as security for the loan:
- (g) Capital stock.—The cooperative may be required to invest the proceeds of sales of its capital stock, if any, in designated securities, and to deposit the same as additional security for the loan.
- (h) Non agricultural enterprises. -Generally, greater security will be required on loans for non-agricultural enterprises and full security will be required of Indian Affairs who shall attach his on loans for non-agricultural enterprises recommendations thereto and transmit not in or adjacent to Indian communities. to the Secretary of the Interior.

- (i) Branding.—All property purchased in the name of the United States and all his discretion attach and sign a certifi-8. Maturity.—Loans shall be made for trust property given as security and any cate of incorporation, which, with the shortest possible period consistent increase therefrom shall be permanently articles of association, shall constitute branded or marked "ID" in addition to the charter of the association. the brand of the cooperative.
 - (j) Care of property.—The cooperative shall not permit any disposition of the title or possession of any property given as security for or purchased with the loan except property purchased for resale, nor permit any liens or charges against it to remain unsatisfied without the consent of the superintendent and shall care for said property so that the security of the United States shall not be diminished.
 - (k) Other indebtedness.—The cooperative must make acceptable plans for the payment or release of any outstanding liens upon its property and debts. It shall not borrow money from or pledge or assign any of its property to anyone but the United States without the consent of the Secretary of the Interior.
 - 11. Penalty on default.—Upon failure by the cooperative to conform to any of the terms of its loan agreement, the Secretary of the Interior may take any or all of the following steps with or without recourse to legal proceedings: (a) declare the entire amount advanced immediately due and payable; (b) diccontinue any further advances under the loan agreement: (c) take possession of and sell all collateral and security and property purchased with the loan; (d) take possession of the accets of the cooperative and exercise or arrange for the exercise of its powers until the indebtedthe Secretary of the Interior shall receive acceptable assurance of compliance with the loan agreement.

Approved by the Secretary of the Interior, October 27, 1936.

[F. R. Doc. 38-1574; Filed, June 4, 1938; 9:45 a.m.]

REGULATIONS FOR ORGANIZATION OF INDIAN COOPERATIVE ASSOCIATIONS

Under the Oklahoma Indian Welfare Act (Public No. 316, 74th Congress) the with the loan, except property purchased Secretary of the Interior may issue charters to cooperative associations organized under the Act and according to his regulations for one or more of the following purposes: credit administration, production, marketing, consumers' protection, and land management.

> Indians who wish to organize such cooperatives shall execute four copies of the attached articles of association and submit them, together with such information as may be necessary to determine the eligibility of the organizers, to the superintendent of the jurisdiction in which the principal office of the accoriation shall be located. He shall certify to the eligibility of the organizers, and transmit the articles to the Commissioner

The Secretary of the Interior will in

ADVICUES OF ASSOCIATION

We, the undersigned ten or more persons, all of whom are indiana as determined by ell of whom are Indians as determined by the official tribul rolls, or Indian descendants of such members, or Indians as defined in the Indian Reorganization Act (Public No. 383, Tord Congress), and all of whom reside in the State of Oliahoma in convenient prominity to each other, do hereby voluntarily acceptate together for the purpose of forming a local cooperative assorbation with (out) capital steel under the terms of the Oliahoma Indian Welfers and Chile the Oklahoma Indian Welfers Act (Fublic No. 816, 74th Congress) hereafter referred to as the Act.

1. Name.—The name of this association chall be

2. Purpo co.—The purposes of this cesoclation chall he: (Give purposes very specifically to as to indicate the character of the business to be carried on.)

buriness to be carried on.)

3. Fourty.—The powers of this assertiation, which chall exist and be exercised only in legal purcuance of its purposes, shall be:
To adopt, use, and after a corporate seal;
To purchase, take by gift, bequest, or otherwise, own, hold, manage, operate, and dispuse of property;
To engage in any business that will further its nurrocs:

ther its purposes;
To make and perform contracts;

To make and perform contracts;
To borrow money and give liens on its property as escurity therefor;
To sue and be sued in any court of the State of Oklahoma or of the United States having juricilietion of the cause of action, cubject to the provisions of the Act; and Such further powers as may be incidental or necessary to the conduct of its business.

The powers of the accordation shell be

The powers of the association shall be exercised by its board of directors in accordance with its bylaws.

6. Organizing directors.—The persons where names and addresses appear below chall carve as directors until the first meeting of the members which meeting said directors chall call within ninety days after the issuance of a charter to the association.

Name	Address	
***	***************************************	

5. Principal office.—The principal office of this accordation shall be at _____ in the county of ____ under the juris-

the county of ______ under the jurisdiction of _____ Indian Agency in the State of Oddahoma.

G. Term.—This accordance with law.

T. Membership.—Membership in this agerication chall be open to all Indians as determined by the official tribal rolls, or Indian deceendants of such enrolled members, or Indians as defined in the Indian Recognization Act (Public No. 333, 73rd Connecs) who reside within the following Congress) who reside within the following prescribed district and to no other persons: Any cuch Indian shall be admitted to

membership upon complying with the following conditions: (Insert any desired payment or agreement to pay membership sees, execution of marketing or purchasing agreements.)

ments, or other requirements.)

C. Member control.—The directors shall be elected and the bylaws and amendments to there articles preced by a majority vote of the members precent at a membership meeting. Bylavis and amendments thereto shall not be valid until approved by the Scentary of the Interior. Amendments to there articles chall not be valid until approved by the Secretary of the Interior. The members of the experiation shall not be parconally liable for its corporate debts.

9. Dissolution.—This association may be dissolved by Act of Congress or, upon the request of the association by a majority vote of the members at a meeting called for the purpose, by the Secretary of the Interior. Upon such request, the Secretary shall take possession of the assets of the association and exercise or arrange for the exer-cise of its powers insofar as may be neces-Eary or proper to liquidate its assets, pay its debts, and distribute the balance to the members.

10. Distribution .- (Strike this out if the association will have capital stock.) Any distribution of the net profits of the association shall be on a patronage basis to mem-bers only. In case of dissolution, the net assets of the association shall be distributed

to its members equally.

10. Capital stock.—(Strike this out if the association will have no capital stock.) The capital stock of this association shall consist of ____ shares of \$___ each. It shall be purchased, owned, or held only by members of the association and shall not be transferred without the consent of the associa-tion. It shall bear no voting rights. The tion. It shall bear no voting rights. The board of directors may pay, out of the realized surplus of the association, ratable cash dividends on stock at the rate of ____ per cent per year. Cash dividends not paid on stock in any year shall not be paid in any succeeding year, but such dividends must be paid in full in any year before patronage dividends are paid for such year. After cash dividends on stock are paid to the extent permitted hereby, any remaining realized surplus shall be distributed to members on a patronage basis.

11. Default .- (This may be stricken out if the association will not borrow from the United States under the Act.) While this association is indebted to the United States under the terms of the Act, if the Secretary of the Interior shall find that it has violated any of the terms of the loan agreement on which its indebtedness is based, he may take possession of the assets of the association, and exercise or arrange for the exercise of its powers until the indebtedness is paid or until he receives acceptable assurance of compliance with the loan agreement.

day of . Subscribed this ...

Name	Address	Tribe	Roll No. (if any)

Sworn to this _____ day of ____,
19__, before me by the persons personally
known to me to be the same as those whose signatures appear above.

[SEAL] Notary Public.

CERTIFICATE OF INCORPORATION

I hereby approve the attached articles of I hereby approve the attached articles of association and hereby charter ______ as a local cooperative _____ association under the terms of the Oklahoma Indian Welfare Act (Public No. 316, 74th Congress) with all the rights, powers, privileges, and immunities and subject to the conditions set forth in said articles which are incorporated herein.

....., 19____.

Secretary of the Interior.

As approved by the Secretary of the Interior on October 27, 1936, together association shall promise to notify the ceeds of sales of its capital stock in

31, 1936, and May 4, 1937.

[F. R. Doc. 38-1573; Filed, June 4, 1938; 9:45 a. m.]

REGULATIONS FOR LOANS TO INDIAN CREDIT ASSOCIATIONS

The following regulations shall govern loans by the United States under the Oklahoma Indian Welfare Act (Public No. 816, 74th Congress) to Indian Credit Associations in Oklahoma.

Definitions.--Except as otherwise indicated, "credit association" refers to an Indian cooperative association engaged in the business of borrowing money from the United States and relending it to its members; "Commissioner" to the Commissioner of Indian Affairs; "superintendent" to the superintendent of the jurisdiction under which the principal office of the credit association is located; "credit agent" to the credit agent in charge of loans made in Oklahoma under the Act or his duly authorized associate; "Act" to the Oklahoma Indian Welfare Act (Public No. 816, 74th Congress), and "loan agreement" collectively to the application, notes, securing instruments and accepted commitment order.

- 1. Eligibility.—To be eligible for a loan the credit association must be organized with capital stock under the Act and the 'Regulations for Organization of Indian Cooperative Associations in Oklahoma." Its name shall include the words "Indian Credit Association" and its articles of association shall provide as its purpose the following: "To carry on the business of borrowing money from the United States and relending it to its members under instructions and regulations prescribed from time to time by the Secretary of the Interior and the Commissioner of Indian Affairs."
- 2. Bylaws.-The bylaws of the credit association must be arranged in the same general order and form as specimens which will be supplied by the superintendent, and must be approved by the Secretary of the Interior.
- 3. Procedure.—The application for the loan shall be submitted in quintuplicate to the superintendent on a form prescribed by the Secretary of the Interior. It may be signed by any officer duly authorized by the board. It shall contain a copy of the articles of association and bylaws of the credit association and any pending amendments thereto, a list of the officers and their training and experience, a complete statement of assets and liabilities of the credit association and such further information as may assist in the sound consideration of the application.

The credit association shall report any compensation it has paid or is obligated to pay anyone in connection with the preparation, submission, or consideration of said application. The credit

with the amendments approved October | superintendent of any material change in any facts stated in its application.

If the application is duly approved by the Commissioner, the Secretary of the Interior shall in his discretion grant the loan by issuing a commitment order. The commitment order shall be effective if accepted by the credit association within a period not to exceed 90 days from the date thereof and may be withdrawn at any time before acceptance. The acceptance of the credit association must be approved by a majority vote of the board of directors. The accepted commitment order shall be submitted in quadruplicate to the superintendent.

The money shall be advanced as nearly as possible at the time it is to be reloaned, upon submission of vouchers prepared for the purpose, if the credit association has complied with its loan agreement to date. The time of each advance shall be stated as definitely as possible in the loan agreement. credit association shall execute a note or notes for each advance on forms approved by the Secretary of the Interior.

- 4. Purposes.-Loans may be granted only for the purpose of relending the same to qualified members of the association under instructions and regulations prescribed from time to time by the Secretary of the Interior or the Commissioner.
- 5. Plan.--The credit association shall agree to relend the funds in accordance with the plan attached to the application. The plan shall describe the economic conditions, including the opportunities for productive use of credit, of the people it will serve, the kind of loans it will make, and its scheme of administration, including bonding, designation of depository, and such further information as may be suitable.
- 6. Maturity.—Loans shall be made for no longer than 20 years.
- 7. Interest.-Interest shall be paid annually to the United States on all loans hereunder at the rate of one percent per annum from the date the money is advanced until repaid.
- 8. Security.—The credit association shall execute and deliver as security for the loan the instruments provided for in its loan agreement. All possible security shall be given up to an adequate amount. It may consist of an assignment or agreement to assign all instruments and property taken as security by the credit association in the course of relending the money and other suitable security.
- (a) Filing. The credit association shall file all securing instruments received by it covering trust property in the agency office and file, register, or record at its own expense all securing instruments covering non-trust property in accordance with Oklahoma law in such a way as to protect fully its interest therein.
- (b) Capital Stock.-The credit association may be required to invest the pro-

same as additional security for the loan.

- (c) Other Indebtedness.-The credit association shall not borrow from or rediscount paper with or pledge or assign any of its property to anyone but the United States without the consent of the Secretary of the Interior.
- 9. Penalty on default.—Upon failure by the credit association to conform to any of the terms of its loan agreement, the Secretary of the Interior may take any or all of the following steps with or without recourse to legal proceedings: (a) declare the entire amount advanced immediately due and payable; (b) discontinue any further advances under the loan agreement; (c) take possession of all collateral and security, and property purchased with the loan; (d) take possession of the assets of the credit association and exercise or arrange for the exercise of its powers until the indebtedness hereunder shall be repaid or until the Secretary of the Interior shall receive acceptable assurance of its repayment and of compliance with the loan agreement.

As approved by the Secretary of the Interior, October 31, 1936, and amended May 4, 1937.

[F. R. Doc. 38-1575; Filed, June 4, 1938; 9:45 a.m.l

[Circ. 3206, Supp. 2]

Modification of Regulations Govern-ING LOANS TO INDIAN CHARTERED COR-PORATIONS

IDENTIFICATION OF PROPERTY PURCHASED WITH CREDIT FUNDS AND INSURANCES

March 31, 1937.

To Governing bodies of Indian Chartered Corporations, superintendents, and other Indian Service employees:

Section 22 of the Regulations Governing Loans to Indian Chartered Corporations from the fund "Revolving Fund for Loans to Indian Corporations" as approved by the Secretary March 11, 1936, is modified to read as follows:

22. Identification of property purchased with credit funds and insurances.-All livestock and issue therefrom, and all major articles of equipment purchased with credit funds, and trust property given as security for loans of credit funds shall be branded or marked with the letters "ID" to make identification permanently pos-In addition such property and livestock shall be marked or branded with the brands or marks of individuals. Borrowers may be required to insure any property purchaser with credit funds against loss from fire or any other cause.

WILLIAM ZIMMERMAN, Jr., Assistant Commissioner. Approved. April 27, 1937. OSCAR L. CHAPMAN, Assistant Secretary of the Interior.

[F.R. Doc. 38-1572; Filed, June 4, 1938; 9:45 a.m.]

designated securities and to deposit the Regulations Government of the loan board and the TRIBAL LOAN FUND

- 1. Creation of loan board; election of members.—The loan fund created by the Act of Congress of August 28, 1937 (50 Stat. 872), shall be administered under and subject to the following regulations, by a board composed of three adult enrolled members of the Klamath Reservation. The members of said Board third party; or (b) discount paper with shall be duly elected by the Klamath General Council from among the adult enrolled members of the Klamath Tribes, and shall serve for a period of two years, or until their successors are elected and qualify: Provided, that the first term of office shall end on June 30, 1939. The loan board thus elected shall not be qualified to act until approved by the Commissioner of Indian Affairs. In the event of a vacancy in the membership of the board, by reason of death or resignation, or because of the failure of a member to qualify, election of a successor married to a white man; or (f) will have shall be made as provided for in the original election to the board.
- 2. Authority of loan board.—The loan board thus created is authorized, pursuant to the Act of Congress of August 28. 1937 (50 Stat. 872), under and subject to these regulations, to make loans, from the loan fund thus created, to enrolled members of the Klamath Tribe for (1) industrial and agricultural assistance and the construction and improvement: of homes; (2) educational advancement; (3) financial assistance in case of iliness, death, or other emergency; (4) maintenance and support of the aged, infirm. and incapacitated members; or (5) the repayment of reimbursable loans previously made from tribal funds.
- 3. General.—The loan board is charged with the duty of explaining to borrowers the nature of all instruments signed, and the duty of impressing upon the borrowers the responsibility for the care of the property purchased or pledged and the necessity for carrying out the provisions of the loan agreements.
- 4. Examination of records and accounts and suspension of power to make loans.-The loan board must keep records, files, and accounts, and make signed reports as directed by the Commissioner of Indian Affairs. Accounts of credit funds must be kept separate from all other accounts. The duly authorized representatives of the Commissioner of Indian Affairs shall have access to the books, records and accounts of the loan fund at all reasonable times for the purpose of making examinations of the mode of procedure and the previous activities of the loan board, and for the purpose of making a semi-annual audit of the accounts of the fund. If upon such examination or audit it chall appear that the loan board is not properly conserving the loan funds, the Loans for livestock, machinery and equip-Commissioner of Indian Affairs, in his ment shall not be granted with maturidiscretion, may suspend the power of the loan board to make any loans until loans, the board shall set the maturity the Superintendent has approved the dates, which shall not exceed ten years

- Superintendent, authority may be granted in writing by the Commissioner of Indian Affairs to the loan beard to approve loans of specified classes, under specified amounts.
- 5. Restrictions on assignment, discounting, and barrowing.-The loan board shall not (a) assign any loan agreement or any interest therein to a or borrow money from any person or agency for relending.
- G. Individuals not eligible as borrowers.-Without specific authority from the Superintendent, the board shall not make loans to a member who, (a) is a minor; (b) is a regular employee of the Government; (c) is married to and living with a person already a borrower unless their loans are consolidated; (d) has individual funds on deposit in the agency office sufficient to finance the approved plans; (e) is an Indian woman an aggregate indebtedness exceeding two thousand dollars (\$2,000.00). In no event shall the aggregate loan to any individual exceed three thousand dollars (\$3,000.00) at any time.
- 7. Applications of individuals and cooperatives.—Applications of individuals and cooperatives for loans must be prepared in keeping with approved forms. Each application form must be completely filled in in compliance with these regulations and must include such additional information as may be required by the loan board.
- 3. Programs for use of funds leaned.-The loan board shall only advance funds to borrowers for industrial, commercial, or agricultural purposes following the submission of signed agricultural, industrial, or commercial plans which are approved by the Extension Agent or other person in charge of Extension work. No changes may be made in such plans before the loan is repaid unless such changes are approved by the loan board and the Extension Agent.

Loans shall not be made to any applicant indebted to the Government for loans from "Industry Among Indians," or "Tribal Revolving Funds," or if he has livestock or crops of the same class involved in such proposed loans, upon which a lien exists or the title to which is affected because of existing debts or obligations from any source, unless plans, acceptable to the loan board, for the immediate repayment of said existing obligations are presented in the applicant's approved plans.

9 Maturities and minimum amount of loans to individuals.-Crop loans shall not be granted with maturities exceeding one year, and the maturity dates should be fixed at the time when the crops are to be harvested and available for sale. ties exceeding five years. On all other application, except that upon mutual without the specific approval of the Superintendent. No loans will be made | (\$25.00), purchased with loan funds. | portion of the receipts from such sale to an individual for an amount less than twenty-five dollars (\$25.00).

- 10. Depository and bonding of officers of cooperatives .- Funds loaned to a cooperative shall be deposited only in a depository approved by the Commissioner of Indian Affairs. Each officer, employee, or agent of the cooperative authorized to handle funds must furnish a bond satisfactory to the Commissioner of Indian Affairs, unless all funds of the cooperative are collected and disbursed similar to individual Indian Moneys by bonded Government disbursing officers. transactions shall be accounted for in writing, and receipts issued for all money received. Business affairs of the cooperative shall be conducted in accordance with the terms of the approved loan agreement.
- 11. Maturity and authority for expenditure of funds of a cooperative.-The maturity of loans to cooperatives shall be determined by the character and nature of the enterprise for which the funds are used. The method by which cooperatives expend their funds shall be regulated by their bylaws and in accordance with the approved loan agreement.
- 12. Disposition of earnings of cooperatives.—While indebted to the loan fund the cooperative must agree to set aside annually not less than twenty-five per cent of its net earnings until a surplus fund equal to at least ten percent of its total outstanding indebtedness has been established.
- 13. Restrictions on assignment rights, discounting, and obligation of security.--While borrowers are indebted for loans from the loan fund, the loan board shall require them to agree not to assign their loan agreements or any interest therein to a third party, nor to rediscount paper with, assign, pledge, or otherwise obligate any of their property of the same class in which the Tribe has an interest, to any individual, bank, or agency, without the consent of the loan board.
- 14. Security, buildings not part of realty, and bills of sale.-The loan board must obtain an adequate amount of security on all loans and advances made. In all cases, as part of the security, the board must require that title to property and issue therefrom purchased with loan funds be placed in the United States until the borrower has repaid his loan in full. Each borrower shall be required to agree that if he is in default the Superintendent upon request of the loan board, shall apply on his indebtedness any trust funds to his credit, or any personal property of his or in which he has an interest. The board must obtain from the borrower, bills of sale from the vendors to the United States in trust for the Klamath Indians for all livestock and machinery; and for all equipment, tools and household goods unpaid balance of the loan, and the bor- in addition to personal and family re-

- in full, the loan board shall transfer the interest of the Tribe in the property chased with loan funds to the borrower. In turn, the Superintendent, upon request, shall furnish the borrower with a bill of sale when he has completely repaid the loan under which such property was purchased. All borrowers must agree that, until fully paid for, all houses, buildings, and fences constructed entirely or in part with loan funds shall not be considered as part of the realty.
- 15. Inspection of property offered as security.-All property offered as security for loans must be inspected before any advance of funds may be made. To reduce costs, agency records or reports of inspection by Government employees, if adequate, may be used in lieu of a physical inspection, but the use of such reports by the loan board shall not reduce the responsibility of the loan board for the soundness of the loan. The loan board must obtain in the application for loan, permission for representatives of the board of the Superintendent, or other representatives of the Commissioner of Indian Affairs to enter upon the premises of the borrowers at all reasonable times to inspect the property purchased with loan funds or given as collateral security for a loan.
- 16. Filing of liens, mortgages, and other repayment guarantees.-The loan board shall record all liens, mortgages, or other securing instruments on unrestricted property in accordance with local recording statutes, and shall file securing instruments on restricted or trust property in accordance with instructions of the Superintendent before any advances of funds are made on loans. The cost of such filing shall be considered an administrative expense and shall be paid out of the loan fund in the hands of the Superintendent. Upon full repayment of a loan, the board shall advise the borrower of the action necessary to effect the release of all guarantees of repayment, but the cost of securing such releases must be borne by the borrower.
- 17. Identification of property purchased with credit funds and insurances.-All livestock and issue therefrom, and all major articles of equipment purchased with loan funds or trust property given as security for loans shall be branded or marked with the letters "ID" to make identification permanently possible. In addition such property and livestock shall be marked or branded with the brands or marks of individuals.

The loan board and the Superintendent, by mutual agreement, may authorize a borrower to sell personal property pledged as security for a loan or purchased with loan funds, free of encumbrance, where after the release of such personal property there will remain adequate security for the repayment of the costing more than twenty-five dollars rower is not in default, or an agreed sources.

When the borrower has repaid his loan will be applied to the repayment of the borrower's loan.

Borrowers may be required by the pledged or mortgaged as security or pur- loan board and the Superintendent to insure any property pledged as security for a loan or purchased with loan funds against loss from fire or any other cause until the loan is paid in full; buildings of an aggregate value of more than five hundred dollars (\$500.00) which have been pledged as security for a loan or acquired with loan funds, must be insured against loss by fire. All such insurances shall be made payable to the Secretary of the Interior, who shall utilize the proceeds to pay off any indebtedness of the borrower to the Klamath Tribal Loan Fund, and shall pay the balance remaining, if any, to the borrower.

18. Signature by thumb mark.—Signature made by thumb marks must be witnessed by at least two persons who must sign the documents together with their addresses. Where non-trust property is involved, state laws governing signatures to thumb marks shall be complied with also.

19. Five per cent surcharge on industrial, agricultural, or commercial loans.—The loan board shall require each person borrowing from the loan fund for industrial, agricultural, or commercial purposes, to deposit with the Superintendent at the time of receiving the first advance upon his loan, an amount equal to five per cent of his total approved loan to cover administrative expenses and other carrying charges incident to the making and subsequent safe-guarding of the loan. The Superintendent shall deposit all such collections in the Treasury of the United States to the credit of the loan fund.

20. Charges and interest.—Borrowers may not be required to pay directly or indirectly, any fees, interest, or charges except as specifically provided in these regulations. Borrowers shall not be charged interest at a rate of more than three per cent per annum on funds from the date advanced until paid.

21. Educational logns.—Educational loans may be granted to cover tuition, subsistence and other reasonable expenses. The courses pursued and the institution to be attended will be subject to the approval of the Commissioner of Indian Affairs. Any change in schools after the loan is granted must be approved by the Commissioner of Indian Affairs. Loans shall be limited to the amount required to meet the needs of students for one year only. Additional loans for the second and succeeding years of the course may be made, provided the student gives evidence of industry and a definite purpose and demonstrates that he can make progress in the type of training he has selected. Need of aid shall be shown, and the loan shall be limited to the amount required

loan is required. Applicants must furnish satisfactory reference as to ability, character, and performance. They must, also, provide authentic reports from reliable educators and other persons who know of their ability and they must demonstrate definite aptitude for the training desired and the vocation chosen. A medical certificate shall be required on forms prescribed by the Indian Service. Physically handicapped persons must give evidence of general good health.

Advances made on the amount loaned shall be immediately deposited in the borrower's individual Indian money account. Repayment contracts of minors must be signed by the borrowers and one or more co-signers. Co-signers may be either or both parents, the nearest responsible relative, or guardian. Loans may be made to borrowers upon the basis of character, except that the borrower must agree that if he is in default any income which may accrue to his credit in the hands of the Superintendent may be applied to the repayment of the loan, as provided in Section 14. Careful investigation must be made of the reliability and honesty of the borrower and co-signers, and evidence submitted concerning the ability of the borrower to complete the course, probability to taking advantage of the course to increase earning power, past accomplishments, and adequate appreciation of the obligation to repay the loan. Repayment should begin within three months after completion of the course, and continue in monthly payments until the debt is liquidated. The date of maturity of educational loans shall be fixed by the loan board in accordance with Section 9 and may not be thereafter extended without the approval of the Superintendent.

22. Maintenance and support of the aged, infirm or incapacitated.-Loans may be made to an aged, infirm or incapacitated member for his maintenance and support up to the full value of the security fendered by him. Advances made on the amount loaned shall be immediately deposited in the borrower's individual Indian money account. Disbursements therefrom shall be made by the Superintendent as the needs of the borrower appear.

The applicant shall present, with his application, a statement of his income from all sources during the calendar year preceding, a statement of the prospective income from all sources during the next succeeding calendar year, and competent evidence that he is within the class or classes intended to be benefitted by this

Financial assistance in cases of illness, death, or other emergency.-In case of serious emergency affecting the applicant, such as the illness or death of a person in his immediate family, loans may be made, up to the full value of the Superintendent shall be conclusive.

Applications for loans must be sub- security offered. Character loans may mitted at least three months before be made in such cases, where the appliopening of the school term for which the cant has an established reputation for financial integrity, provided the amount of the loan does not exceed five hundred dollars (\$500.00).

24. Quorum.—Three members of the loan board shall constitute a quorum for the transaction of business. Unanimous consent of the members of the loan board is required for the final approval of all agreements and loans except as hereinafter provided:

(a) Two members may receive applications and consider other business.

(b) One or more members of the loan board, acting with the Superintendent or his authorized representative, by unanimous vote, may transact the business of the loan board, including the final approval of applications for loans, where (1) the application, because of extreme emergency such as serious illness or death, should receive immediate consideration; or (2) the remaining members of the loan board are unable to be present because of serious illness, death, or because of absence from the Reservation upon official tribal business.

25. Approval of loans.-Applications of individuals for leans must be approved by the three members of the loan board at a regular meeting, or special meeting except as provided in Section 24 (b).

Where the applicant's indebtedness to the loan fund, and to reimburcable loans previously made from tribal funds, if the application were approved, would not exceed the sum of \$1,000.00 including interest and charges, approval by the loan board shall be final, and in cases where. if the application were approved, the individual's indebtedness to the loan fund would exceed the sum of \$1,000.00. the approval by the loan board shall be subject to review by the Superintendent.

In such cases, after the board has approved the loan, a copy of the application for loan, together with all supporting papers, shall be delivered to the Superintendent, who shall have fourteen days from the date of such delivery within which to approve or disapprove the application. Within the prescribed period he shall report his action in writing to the loan board. If he has disapproved the application he shall, in writing, state his reasons for disapproval. In the case of failure by the Superintendent to report his action upon an application within such fourteen keeping with the approved loan agreeday period, he shall be deemed to have ment and may not be made until all seapproved the same.

In cases where the Superintendent ness to the loan fund would not exceed \$2,000.00, the loan board may thereafter, the borrower's accomplishments. by the unanimous vote of all duly qualior regular meeting, approve the applicadisapproval of the application by the

All loans to cooperatives must be approved by the Commissioner of Indian Affairc.

Loans may be approved only for enterprises which are to be conducted on tribal, allotted, or other lands within the boundaries of the reservation, except in special instances where specific prior approval is obtained from the Superintendent. Except with the consent of the Superintendent, credit funds may not be spent for promotional or educational expenses in connection with the organization or operation of any cooperative enterprise, nor may funds be used by the loan board to purchase property for resale at a profit as part of its activities.

Loans for the development of commercial enterprises shall be approved only when such enterprises are to be operated on a cash basis.

Leans shall not be granted for obtaining grazing parmits or leasing land for the grazing of livestock, where grazing facilities are available through a cooperative livestock association, except where sufficient reasons are presented for not using such facilities.

In determining which applicants should receive industrial or agricultural loans, preference shall be given to: (a) applicants offering adequate security; (b) applicants with an established reputation of financial responsibility; (c) applicants presenting evidence of their probable success in the undertaking for which the loan is requested, which evidence must rest on past performance; and (d) applicants requesting loans for enterprises which will probably be most productive and self-liquidating.

26. Commitment order of the board and loan agreement.-When an application for a loan has been approved, a commitment order in keeping with approved forms shall be prepared to cover the amount of the approved application, and chall be executed and signed by the Board and accepted in writing by the borrower. The approved application, accepted commitment order and the borrower's note or notes evidencing advances constitute the loan agreement. The loan agreement may not be altered or amended except in writing, under the procedure provided in Section 25 relating to approval of leans.

27. Advances and restrictions.—All advances made by the Board must be in curing instruments have been executed, delivered, and recorded. In the case of has disapproved, and if the application a borrower with inadequate security, the were approved the applicant's indebted- initial advance shall be limited, and subsequent advances made dependent upon

23. Advance and expenditure of loan fied members of the board, at a special funds.—The loan board, in requesting the advance of funds under approved loan tion. In cases where the applicant's agreements, shall present to the Superindebtedness would exceed \$2,000.00 the intendent satisfactory evidence that there has been a complete compliance with all the applicable provisions of these regulations. To effect the initial advance to a borrower, the board shall submit to the Superintendent the originals and copies of the approved application, the accepted commitment order, and the note signed by the borrower, and a voucher on forms 5-809, and 5-809a, executed by the borrower. The Superintendent will certify the copies and return the originals to the loan board. As addi-tional advances are required vouchers for the amounts thereof will be presented to the Superintendent together with the originals and copies of the notes. If they are in proper order, the Superintenent will certify the copies, return the originals to the loan board, and send the certified copies to the Regional Disbursing Officer for payment. In the discretion of the loan board, and as provided in Sections 21 and 22 of these regulations, borrowers may be required to deposit their loans with the Superintendent for credit to an individual Indian money account, and in such cases the voucher shall be prepared so as to require the check drawn in payment thereof to be sent to the Superintendent.

Where loans are deposited to the individual credit of borrowers on the books of the Agency they shall not be merged with any other individual monies but shall be held in separate accounts. Except in the case of loans made for the maintenance and support of aged, infirm or incapacitated Indians, expenditures shall be made from the individual Indian money accounts of borrowers upon receipt of requests from the loan board prepared on approved forms, provided the Superintendent considers such expenditures to be within the law and in keeping with approved loan agreements and amendments.

29. Reports from borrowers.—The board shall require its borrowers to furnish such signed statements and reports and follow such procedures, as are necessary to provide proper information as to the status of the loan at all times.

30. Repayment of loans.—Repayments on loans shall be made to the Superintendent, who shall accept them at all reasonable times and issue written receipts therefor. Such repayments shall be immediately deposited in the Treasury of the United States to the credit of the loan fund, and the loan board notified of the amount of such repayments. The repayments so deposited may be reloaned under the act of Congress of August 28, 1937 (50 Stat. 872) and these regulations.

31. Default by borrower.-Failure on the part of any borrower to make repayments when due, to use loan funds in keeping with the loan agreement as originally approved or amended, to make every honest effort possible to continue operations successfully, or failure to use the funds loaned properly, shall be grounds for any one or all of option of the Superintendent or the loan board: (a) Declare the entire amount the loan board.

advanced immediately due and payable; (b) Discontinue any further advance of funds contemplated by the loan agreements: (c) Prevent further disbursements of credit funds under the control of the borrower; and (d) Take possession of any and all collateral or security. These rights may be enforced without recourse to legal proceedings, except as to foreclosures or repossession affecting fee patented land or other security not held in trust. The defaultng borrower may, thereafter be requested to submit in writing reasons for his default, together with plans for amending it.

Where the Superintendent is not satisfied with the steps taken to insure payment, the loan board must take such further action to insure repayment as he may prescribe in writing, and where extensions or renewals are desirable, to abide by written instructions of the Superintendent as to the conditions under which such extensions or renewals may lance with existing regulations. Transbe granted.

32. Property of deceased borrowers on which Government holds lien.-The board shall take all steps which may be necessary to safeguard and protect the property of a deceased borrower in which the Tribe has an interest until forms provided for that purpose, and the obligation is liquidated or assumed shall not be paid oftener than semiby the heirs of the deceased borrower or by other parties The board may collect from the ultimate owners of such property, or deduct from the proceeds of the sale of personal property, reasonable expenses for its care. The board shall also protect its interest in assignments of income from real property or other sources by promptly notifying the Superintendent and examiner of inheritance in writing of its interest in the estate of the decedent. In the event the heirs or devisees or a deceased borrower fail or refuse, for three years, to assume the deceased's indebtedness, which is secured by real property, the loan board and the Superintendent shall proceed in the manner provided for in Sections 31 and 33.

33. Disposition of property not fully paid for, or given as security.-The loan board shall abide by instructions of the Superintendent regarding sale or other disposal of any property purchased with loan funds which has not been paid in full, or given as security for a loan upon which the borrower has defaulted.

34. Additional rules and regulations. The loan board may adopt and promulgate such additional rules and regulations, not inconsistent with these regulations, as it deems advisable.

35. Compensation of members of the loan board.-

(a) Each duly elected and qualified member of the loan board shall be compensated for the time during which he is actually engaged upon the business of the loan board, at the rate of eight dollars (\$8.00) per day. A day shall be the following steps to be taken at the deemed to consist of eight hours of actual employment upon the business of

(b) Any claims for over-time rendered by any or all members, over and above the prescribed eight hours, in any one calendar day, shall not be allowed.

(c) Any necessary mileage required for the purpose of recording instruments, appraisal of collateral offered for security, investigations, repossessions, or other purposes in connection with the proper execution of the business of the loan board, shall be paid for at the rate of five cents (5¢) per mile actually traveled by any member or members in his or their personally owned automobile. However, mileage shall not be allowed for travel by members to and from their respective homes or places of residence and the board office.

(d) Any necessary travel by railroad, bus, or other public conveyance, for the purposes set forth in paragraph (c) above, shall be performed on Government transportation request in accordportation requests shall be issued by the Superintendent only when travel by common carrier is justified.

(e) All claims for services rendered, mileage, or travel, shall be submitted to the Superintendent upon duly executed monthly.

(f) All claims for services rendered. mileage, or travel, of whatsoever nature, shall be subject to audit and approval of the Superintendent of the Klamath Agency.

36. Amendment to regulations.—These regulations may be amended at any time by the Secretary of the Interior upon the suggestion of representatives of the Klamath tribes, provided said representatives are specifically and duly authorized by the Klamath General Council so to do: or whenever the Secretary of the Interior deems it necessary or expedient to promulgate amendments.

November 13, 1937.

JOHN COLLIER. Commissioner of Indian Affairs. Approved, December 4, 1937. OSCAR L. CHAPMAN, Acting Secretary of the Interior. [F R. Doc. 38-1577; Filed, June 4, 1938; 10:14 a. m.l

REGULATIONS FOR LOANS BY INDIAN CREDIT ASSOCIATIONS

The following regulations shall govern loans by Indian Credit Associations under the Oklahoma Indian Welfare Act (Public No. 816, 74th Congress) to individual Indians in Oklahoma.

Definitions.--Except as otherwise indicated, "Secretary" refers to the Secretary of the Interior; "Commissioner" to the Commissioner of Indian Affairs: "Superintendent" to the superintendent of the jurisdiction under which the principal office of the credit association is located; "Association" to an Indian cooperative association engaged in bor-

members; "Credit Agent" to the credit agent in charge of loans under the Act in Oklahoma or his duly authorized associate; "Loan Agreement" collectively to the application, securing documents, and all other papers submitted in connection with the application.

- 1. Eligibility.—To be eligible for a loan an individual must be eligible for membership in the credit association. All loans must be approved by the credit agent. Without specific authority from the Commissioner, loans shall not be made to a member who is: (a) a minor: (b) a regular employee of the Government; (c) married to and living with a person already a borrower, unless their loans are consolidated; (d) an Indian woman married to a white man; (e) any individual who has funds on deposit sufficient to finance the approved plans; or (f) who will have an aggregate indebtedness to the association exceeding one thousand dollars.
- 2. General loan policies.-The granting or refusal of the loan and the amount thereof shall be governed by the nature and extent of the enterprise to be financed, its prospects of success, the extent to which the enterprise will promote a permanent improvement in the applicant's economic condition, the character and past performance of the borrower both generally and in the particular work involved in the enterprise, and the amount and kind of the security offered
- 3. Purpose.—Loans may be granted for any income producing purpose except the purchase of land unless it is a site necessary in the applicant's occupation. Preference shall be given to agricultural enterprises and to enterprises lying within or adjacent to Indian agricultural com-
- 4. Plan.—The applicant shall submit a plan in duplicate for the use of the money, which shall be set forth fully and specifically. It shall indicate that the applicant will carry on the enterprise personally, reap the benefits, and sustain the losses thereof. If the borrower finds it necessary or desirable to make changes in his plan, he may do so, provided such changes are first approved by the association and the superintendent, and do not involve an increase in the amount of the loan.
- 5. Size of loans.-No loan shall be granted for less than \$25.
- 6. Maturity.—Loans shall be made for the shortest period consistent with the purposes thereof, and the ability of the applicant to repay. Crop loans shall be made for no longer than one year and livestock and machinery loans no longer than six years.
- 7. Interest.—Interest shall be paid annually at not less than three percent per annum.
- Security.—All possible security shall be given up to an adequate amount. It

rowing money from the United States | mortgages on property owned wholly or | approved, one copy shall be retained for under the Act and relending it to its in part by the borrower, or other suitable collateral.

- securing instru-(a) Filing.—The ments covering trust property shall be filed in the Agency Office. Instruments covering nontrust property shall be filed. registered, or recorded in accordance with Oklahoma law at the borrower's expense, in such a way as to fully protect the interests of the association therein.
- (b) Non-agricultural enterprises.-Generally greater security will be required on loans for non-agricultural enterprises and full security will be required on loans for non-agricultural enterprises not in or adjacent to Indian communities.
- (c) Joint loans.—In the case of a loan to a married person, if his or her spouse is an Indian, the application must be made jointly by both parties. If the spouse is not an Indian, he or she should not sign the application, but may be required to endorse securing documents.
- (d) Mortgages on trust and restricted real estate.-Trust and restricted real estate may not be mortgaged to the association for a loan. Liens on crops raised on such land, assignments of income therefrom, or other types of security not involving a transfer of title to the land may be taken. Mortgages may be taken or nontrust or unrestricted real estate.
- 9. Other indebtedness.—Applicants must make acceptable plans for the payment or release of any debts or outstanding liens upon their property.
- 10. Signature by mark.—Signature by mark shall be witnessed by two witnesses, one of whom shall write in the name of the person who cannot write, near the mark. Post office addresses of both witnesses must be shown, and they must actually see the mark made. Both witnesses must be disinterested parties to the loan agreement.
- 11. Stock.-The applicant must own at the time the loan is made, shares in the association in an amount equal to \$3 for each \$100 or fraction thereof of the amount of the loan.
- 12. Procedure.-The application for a loan shall be submitted to the secretary of the association in quintuplicate on a form prescribed by the Secretary. The form must be completely filled out, and the applicant must agree to the various provisions thereof. Accompanying the application shall be two copies of a detailed financial statement and operating plan on a form approved by the Secretary, and three unexecuted copies of all securing instruments, including a note for the amount of the first advance as set forth in the application.
- (a) Action of the Secretary of the Acsociation.—The secretary of the association shall submit all copies of the application, and supporting papers, to the loan committee of the association. If the application is approved by that body, these papers shall then be submitted to the by borrower.—The applicant must acmay consist of the assignment of income, superintendent. If the application is not cept the commitment order within thirty

the files of the association, and the remaining copies returned to the applicant.

- (b) Action of the Superintendent .-The superintendent shall make his recommendations in triplicate on a form approved by the Secretary. One copy of his recommendations shall be retained by him and two copies submitted to the credit agent, together with all copies of the application and supporting papers. This procedure shall be followed whether or not the superintendent approves the application.
- (c) Action of the Credit Agent.-The credit agent shall prepare five copies of his approval or disapproval of the application on a form approved by the Secretary. If the loan does not require specific authority from the Commissioner as set forth in Section 1, and the loan is approved in whole or in part by the credit agent, he shall return all copies of the application, supporting papers, and his report as to the action the association is to take, to the secretary of the association through the superintendent. If the loan requires specific authority from the Commissioner as set forth in Section 1, one copy of the application shall be submitted to the Commissioner with copy of the recommendations of the superintendent and credit agent. The Commissioner shall prepare five copies of a letter indicating either his approval or disapproval of the loan, and submit the same to the credit agent with the application and recommendations of the superintendent and credit agent. If the Commissioner approves the loan in whole or in part, the credit agent shall, upon return of these documents, attach one copy of the Commissioner's letter to each copy of the application and follow the same procedure as in the case of loans which do not require specific authority from the Commissioner. The recommendations of the superintendent shall not be returned to the secretary of the association. The credit agent shall place one copy of the same in his files, and the other shall be transmitted to the Commissioner with his copy of the application as set forth in Section 12 (g). In case the loan has been disapproved by either the credit agent or the Commissioner, the procedure as set forth in Section 12 (j) shall be followed.
- (d) Action of the Secretary of the Association upon return of the application.—If the application is approved by the Commissioner or the credit agent, the secretary of the association shall then grant the loan by filling out the commitment order on the last page of the application. Unless the secretary is also the treasurer of the association, the commitment order must also be signed by the treasurer Any necessary modifications in the application, which were conditions of approval, shall be incorporated into. and made a part of the commitment order.
- (e) Acceptance of commitment order

days from the date thereof, and it may be | ciation shall be earmarked for expendiwithdrawn at any time before acceptance. He shall retain the fourth copy, and submit the original and three copies to the secretary of the association. He shall also execute the original copies of the securing documents, including the note, retain one copy and deliver two copies, one of which shall be the original, to the secretary of the association.

(f) Action of the Secretary of the Association upon acceptance of the commitment order and execution of the securing documents and notes.—Upon the priate entries shall be made on the back borrower's compliance with the provisions of Section 12 (e) the secretary of the association shall assign a number to the loan agreement. Such numbers shall follow consecutively beginning with "1," with "CF" preceding such number. He shall have all securing documents covering non-trust property filed, registered, or recorded as required under Section 8 (a). The original securing documents, or a certified copy, showing the same to have been properly filed, registered, or recorded, shall be forwarded to the superintendent. The originals of securing documents covering trust property shall be forwarded to the superintendent with a request for filing. Copies of all securing documents and notes shall be placed in the files of the association. Copies of the approved application and financial ating plan. All other papers shall be statement and operating plan shall also be placed in the files of the association. The remaining copies shall be forwarded to the superintendent.

(g) Disposition of other copies of the loan agreement.-The original copy of the application, financial statement and operating plan, securing documents, and note, shall be placed in a place of safekeeping in the Agency Office. The remaining two copies of the application shall be submitted to the credit agent. He shall retain one copy for his files, and submit one copy, together with a copy of the superintendent's recommendations, as outlined in Section 12 (c), to the Commissioner.

(h) Disbursement of funds.—When the superintendent has the various documents in his files as outlined under Section 12 (g), they shall serve as his authority to advance funds by field journal voucher entry from funds on deposit in an Individual Indian Money Account to the credit of the association to an Individual Indian Money Account of the borrower. Disbursements from the borrower's Individual Indian Money Account shall be in the form of cash or purchase orders as the superintendent may determine, in accordance with the terms of the approved loan agreement. At the time the funds are advanced from the account of the credit association to the individual borrower, the date of such advance shall be entered on the back of the executed note, and interest shall be figured from that date. Notice of such transfer shall be given to the association and to the borrower. Money on deposit to the credit of borrowers of the asso-

ture only in accordance with the borrower's approved plan of operation.

(i) Repayments.—Unless otherwise provided in the loan agreement between the credit association and the United States, all repayments on loan agreements shall be made to the bonded Government Disbursing Officer, or his authorized agent, for the account of the treasurer of the association. Repayments shall be first applied on interest, and the balance on principal. Approof the note.

(j) Disapproved Applications.—If the credit agent does not approve the loan, he shall retain one copy of the application, of his recommendations, and of the superintendent's recommendations. He shall send one copy of each of these documents to the Commissioner, and return all other papers to the superintendent. The superintendent shall retain one copy of the application, credit agent's recommendations, superintendent's recommendations, unexecuted securing instruments and note, and the financial statement and operating plan. credit association shall retain one copy of the application, credit agent's recommendations, securing instruments and note, and financial statement and operreturned to the applicant. If the loan required specific authority from the Commissioner as outlined in Section 1, and is disapproved, the same procedure outlined in Section 12 (c) shall be followed. Upon receipt of the Commissioner's letter, the credit agent shall attach one copy of the Commissioner's letter to each copy of the application and follow the procedure set forth herein.

Summary of loan agreement papers to be placed in files of-

Borrower:

Fourth copy of application. Fourth copy of credit agent's rec-

ommendations.

Second copy of securing instruments and note.

Credit Association:

Third copy of application.

Third copy of credit agent's rec-

ommendations.

First copy of securing instruments and note.

First copy of financial statement and operating plan.

Agency Office:

Original copy of application.

Original copy of credit agent's recommendations.

Original copy of superintendent's recommendations.

Original or certified copy of securing instruments and note.

Original copy of the financial statement and operating plan. Credit Agent:

First copy of the application. First copy of the credit agent's recommendations.

First copy of the superintendent's recommendations.

Indian Office:

Second copy of the application. Second copy of the credit agent's recommendations.

Second copy of the superintendent's recommendations.

Note.—In case the loan agreement required the approval of the Commissioner, as set forth in Section 1, each file shall also contain a copy of the Commissioner's letter of approval or disapproval. In case applications were disapproved, the securing incomments and page that the shore files will struments and note in the above files will be unexecuted, and the application will not contain the acceptance of the commitment order by the applicant.

Approved by Assistant Secretary Chapman, December 17, 1937.

[F. R. Doc. 38–1578; Filed, June 4, 1938; 10:14 s. m.]

TITLE 26-INTERNAL REVENUE

BUREAU OF INTERNAL REVENUE

[T. D. 4806]

AMENDING REGULATIONS TO GIVE EFFECT TO CERTAIN LEGISLATIVE ENACTMENTS RELATING TO THE DOCUMENTARY STAMP TAXES

To Collectors of Internal Revenue and Others Concerned:

Regulations 71 (revised July 1932) as amended by Treasury Decision 4701, approved October 16, 1936, are further amended as follows:

Chapter I is amended as follows:

(1) The subtitle immediately preceding the quotation of subsection (c) of section 721 of the Revenue Act of 1932

and preceding article 4, which reads—
"Section 721 (c) of the Revenue Act of 1932" is eliminated, and the following new subtitle is substituted in lieu thereof:

"Section 721 (c) of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 48 Stat. 206), by Joint Resolution No. 36 (49 Stat. 431), approved June 28, 1935, and as further amended by Joint Resolution No. 48 (50 Stat. 358), approved June 29, 1937."

(2) The date "July 1, 1934" appearing in the quotation of subsection (c) of section 721 immediately following the above subtitle is changed to read "July 1, 1939."

(3) A new article is designated "Art. 24A" and reading as follows is added immediately following article 24:

"ART. 24A. Bonds issued in reorganization under Bankruptcy Act.—Bonds issued to make effective any plan of reorganization confirmed under the provisions of section 77 (i) or section 77B (f) of the Bankruptcy Act are exempt from

Chapter II is amended as follows:

(1) The subtitle immediately preceding the quotation of subsection (c) of section 722 of the Revenue Act of 1932 and preceding article 25, which reads"Section 722 (c) of the Revenue Act of 1932" is eliminated, and the following new subtitle is substituted in lieu thereof:

"Section 722 (c) of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 48 Stat. 206), by Joint Resolution No. 36 (49 Stat. 431), approved June 28, 1935, and as further amended by Joint Resolution No. 48 (50 Stat. 358), approved June 29, 1937."

- (2) The date "July 1, 1934" appearing in the quotation of subsection (c) of section 722 immediately following the subtitle is changed to read "July 1, 1939."
- (3) A new paragraph designated "(k)" and reading as follows is added to article 29 immediately following subparagraph (i):
- "(k) The issue of stock to make effective any plan of reorganization confirmed under the provisions of section 77 (i) or section 77B (f) of the Bankruptcy Act."

Chapter III is amended as follows:

(1) Immediately following the quotation of Schedule A-3 of Title VIII of the Revenue Act of 1926, as amended, as substituted by Treasury Decision 4701, and which precedes article 31, a new subtitle is inserted reading—

"Section 723 (c) of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 48 Stat. 206), by Joint Resolution No. 36 (49 Stat. 431), approved June 28, 1935, and as further amended by Joint Resolution No. 48 (50 Stat. 358), approved June 29, 1937."

and immediately following such new subtitle there is inserted a quotation of section 723 (c) of the Revenue Act of 1932, as amended, which reads as follows:

- "(c) Effective July 1, 1939, such subdivision 3, as amended by subsection (a) of this section, is amended by striking out '4 cents' wherever appearing in such subdivision and inserting in lieu thereof '2 cents', and by striking out the following: in case the selling price, if any, is \$20 or more per share the above rate shall be 5 cents instead of 4 cents: Provided further, That'."
- (2) A new subparagraph designated "(u)" and reading as follows is added to article 35 immediately following subparagraph (t):
- "(u) Transfers of shares or certificates of stock to make effective any plan of reorganization confirmed under the provisions of section 77 (i) or section 77B (f) of the Bankruptcy Act."

Chapter IV is amended as follows:
(1) The subtitle immediately following the chapter heading and reading—

"Schedule A-4 of Title VIII of the Revenue Act of 1926, as amended by section 726 (a) of the Revenue Act of 1932"

is eliminated, and the following new subtitle is substituted in lieu thereof:

"Schedule A-4 of Title VIII of the Revenue Act of 1926, as amended by section 726 (a) of the Revenue Act of 1932, and further amended by section 612 (a) of the Revenue Act of 1934."

- (2) The rate "5 cents" appearing twice in the first sentence of the quotation of Schedule A-4 immediately following the above subtitle is changed to read "3 cents."
- (3) The subtitle immediately preceding the quotation of subsection (c) of section 726 of the Revenue Act of 1932 and preceding article 41, which reads—

"Section 726 (c) of the Revenue Act of 1932" is eliminated, and the following new subtitle is substituted in lieu thereof:

"Section 726 (c) of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 43 Stat. 206), by section 612 (b) of the Revenue Act of 1934, by Joint Resolution No. 36 (49 Stat. 431), approved June 28, 1935, and as further amended by Joint Resolution No. 49 (50 Stat. 358), approved June 29, 1937."

- (4) The date "July 1, 1934" and the rate "5 cents" appearing in the quotation of subsection (c) of section 726 immediately following the above subtitle are changed to read, respectively, "July 1, 1939" and "3 cents".
- (5) The rate "5 cents" appearing in article 42 is changed to read "3 cents". Chapter VIII is amended as follows:
- (1) The subtitle immediately following the chapter heading and reading—

"Schedule A-8 of Title VIII of the Revenue Act of 1926, as added by section 725 of the Revenue Act of 1932"

is eliminated, and the following new subtitle is substituted in lieu thereof:

"Schedule A-3 of Title VIII of the Revenue Act of 1926, as added by section 725 of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 48 Stat. 206), by Joint Recolution No. 36 (49 Stat. 431), approved June 23, 1935, and as further amended by Joint Resolution No. 43 (50 Stat. 353), approved June 29, 1937."

- (2) The date "July 1, 1934" appearing in the quotation of Schedule A-3 immediately following the above subtitle is changed to read "July 1, 1939".
- (3) A new article designated "Art. 118A" and reading as follows is added immediately following article 113:

"ART. 118A. Conveyance to effectuate plan of reorganization.—A conveyance of real estate to make effective any plan of reorganization confirmed under the provisions of section 77 (i) or section 77B (f) of the Bankruptey Act, is not subject to tax."

Chapter EX is amended as follows:

(1) The subtitle immediately precions; ceding the quotation of subsection (c) of section 724 of the Revenue Act of 1932 and preceding article 119, which reads—

[10] 24

"Spetion 724 (c) of the Revenue Act of 1932" is eliminated, and the following new subtitle is substituted in lieu thereof:

"Section 724 (c) of the Revenue Act of 1932, as amended by the Act of June 16, 1933 (Sec. 212, 48 Stat. 206), by Joint Resolution No. 36 (49 Stat. 431), approved June 28, 1935, and as further amended by Joint Resolution No. 43 (50 Stat. 353), approved June 29, 1937."

- (2) The date "July 1, 1934" appearing in the quotation of subsection (c) of section 724 immediately following the above subtitle is changed to read "July 1, 1939."
- (3) The following new sentence is added to article 120 at the end of the fourth paragraph:

"Nor is any tax imposed upon deliveries or transfers of bonds to make effective any plan of reorganization confirmed under the provisions of section 77 (i) or section 77B (f) of the Bankruptcy Act."

Chapter X is amended as follows:

(1) The subtitle immediately preceding the quotation of section 805 (a) of the Revenue Act of 1926 and preceding article 128, which reads—

"Sections 895 (a) and 807 of the Revenue Act of 1926; and section 803 of the Revenue Act of 1926, as added by section 443 of the Revenue Act of 1928"

is eliminated, and the following new subtitle is substituted in lieu thereof:

"Section 895 (a) and 897 of the Revenue Act of 1926; and section 893 of the Revenue Act of 1926, as added by section 443 of the Revenue Act of 1928, and as amended by the Act of March 1, 1933. (47 Stat. 1413)."

(2) That portion of the first sentence of the quotation of section 803 appearing under the above subtitle and reading—

"in cities of over 25,000 inhabitants" is changed to read—

"in all post offices of the first and second classes and such post offices of the third and fourth classes as are located in county seats."

(3) The phrase appearing at the end of article 130 and reading—

"in cities of over 25,000 inhabitants" is changed to read—

"in all post offices of the first and second classes and such post offices of the third and fourth classes as are located in county seats".

(4) Immediately following the quotation of section 3176 of the Revised Statutes, as amended, which appears under the subheading "Administrative Provicions," a new subtitle is inserted reading—

"Section 406 of the Revenue Act of 1935"

and immediately following such new subtitle there is inserted a quotation of section 406 of the Revenue Act of 1935, which reads as follows:

"In the case of a failure to make and file an internal-revenue tax return required by law, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, if the last date so prescribed for filing the return is after the date of the enactment of this Act, if a 25 per centum addition to the tax is prescribed by existing law, then there shall be added to the tax, in lieu of such 25 per centum: 5 per centum if the failure is for not more than 30 days, with an additional 5 per centum for each additional 30 days or fraction thereof during which failure continues, not to exceed 25 per centum in the aggregate."

(5) The subtitle immediately preceding the quotation of section 1108 (a), as amended, under the subheading "Regulations", and preceding article 149, which reads—

"Retroactive Regulations

"Section 1108 of the Revenue Act of 1926, as amended by section 605 of the Revenue Act of 1928"

is eliminated, and the following new subtitle is substituted in lieu thereof:

"Retroactivity of Regulations, Rulings,

"Section 1108 of the Revenue Act of 1926, as amended by section 605 of the Revenue Act of 1928, and as further amended by section 506 of the Revenue Act of 1934."

- (6) The quotation of section 1108 (a) immediately following the above subtitle and reading—
- "(a) In case a regulation or Treasury decision relating to the internal-revenue laws is amended by a subsequent regulation or Treasury decision, made by the Secretary or by the Commissioner with the approval of the Secretary, such subsequent regulation or Treasury decision may, with the approval of the Secretary, be applied without retroactive effect."
- "(a) The Secretary, or the Commissioner with the approval of the Secretary, may prescribe the extent, if any, to which any ruling, regulation, or Treasury decision, relating to the internal-revenue laws, shall be applied without retroactive effect."

This Treasury decision is issued under authority prescribed in section 1101 of the Revenue Act of 1926.

[SEAL] GUY T. HELVERING, Commissioner of Internal Revenue.

Approved, June 1, 1938. ROSWELL MAGILL,

Acting Secretary of the Treasury.

[F.R. Doc. 38–1584; Filed, June 6, 1938; 9:54 a.m.]

[T. D. 4807]

AMENDING REGULATIONS TO GIVE EFFECT TO CERTAIN LEGISLATIVE ENACTMENTS RELATING TO TAXES ON OLEOMARGARINE, ADULTERATED BUTTER, AND PROCESS OR RENOVATED BUTTER

To Collectors of Internal Revenue and others concerned:

Regulations 9 (revised April 1936) ¹ are amended as follows:

Chapter IV is amended as follows: (1) The parenthetical reference at the end of article 20 (c) reading—

"(See section 3, Act of August 2, 1886.)"

is changed to read-

"(See section 3, Act of August 2, 1886, as amended by section 2 of the Act of May 9, 1902.) (32 Stat. 193)".

(2) The phrase in the first sentence of article 27 (a) (4) reading—

"as provided in section 1126 of the Revenue Act of 1926"

is changed to read—

"as provided in section 1126 of the Revenue Act of 1926, as amended by section 7 of the Act of February 4, 1935 (49 Stat. 22)".

- (3) The parenthetical reference at the end of article 31 (e) reading—
- "(See section 6, Act of August 2, 1886.)" is changed to read—
- "(See section 6, Act of August 2, 1886, as amended by the Act of October 1, 1918.) (40 Stat. 1008)".
- (4) The parenthetical reference at the end of article 33 (b) reading—

"(See section 3, Act of August 2, 1886.)" is changed to read—

"(See section 3, Act of August 2, 1886, as amended by section 2 of the Act of May 9, 1902.) (32 Stat. 193)".

Chapter V is amended as follows:

(1) The parenthetical reference at the end of article 40 (c) reading—

"(See section 3, Act of August 2, 1886.)" is changed to read—

"(See section 3, Act of August 2, 1886, as amended by section 2 of the Act of May 9, 1902.) (32 Stat. 193)".

- (2) The parenthetical reference at the end of the first sentence of article 41 (j) (1) reading—
- "(See section 3, Act of August 2, 1886.)"

is changed to read—

"(See section 3, Act of August 2, 1886, as amended by section 2 of the Act of May 9, 1902.) (32 Stat. 193)".

Chapter VI is amended as follows:

The phrase in the first sentence of article 54 (c) reading—

"in section 6, Act of August 2, 1886" is changed to read—

"in section 6, Act of August 2, 1886, as amended by the Act of October 1, 1918 (40 Stat. 1008)".

Chapter VII is amended as follows:

(1) The subtitle immediately following the quotation of section 3233 of the Revised Statutes, preceding article 60 and reading—

"Section 3173, Revised Statutes, as amended and reenacted in section 1018, Revenue Act of 1924 (43 Stat., 345)"

is changed to read-

"Section 3173, Revised Statutes, as amended and reenacted in section 1115, Revenue Act of 1926 (44 Stat., 118)".

(2) The subtitle and partial quotation of section 3237 of the Revised Statutes immediately following the quotation of sectior 3232 of the Revised Statutes, preceding article 60 and which read—

"Section 3237, Revised Statutes, as amended by section 53, Act of October 1, 1890 (26 Stat., 624)

"That all special taxes shall become due * * * on the first day of July in each year * * or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for one year; and in the latter case it shall be reckoned proportionately, from the first day of the month in which the liability to a special tax commenced to the first day of July following. * * * And it shall be the duty of special tax payers to render their returns to the deputy collector at such times within the calendar month in which the special tax liability commenced as shall enable him to receive such returns, duly signed and verified, not later than the last day of the month, except in cases of sickness or absence. as provided for in section three thousand one hundred and seventy-six of the Revised Statutes."

are eliminated, and the following new subtitle and quotation of section 3237 of the Revised Statutes are substituted in lieu thereof:

"Section 3237, Revised Statutes, as amended by section 322, Act of June 26, 1936 (49 Stat., 1953)

"(a) All special taxes shall become due on the 1st day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for one year, and in the latter case it shall be reckoned proportionately, from the 1st day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

¹1 F. R. 160.

- "(b) It shall be the duty of the special taxpayers to render their returns with remittances to the collector at such readingtimes within the calendar month in which the special tax liability commenced as shall enable him to receive such returns, duly signed and verified, together with the remittances, not later than the last day of the month, except in cases of sickness or absence, as provided for in section 3176 of the Revised Statutes, as amended."
- (3) The subtitle immediately following the quotation of section 3183 of the Revised Statutes, preceding article 66 and reading-

"Section 3239, United States Revised Statutes"

is changed to read-

"Section 3239, United States Revised Statutes, as amended by section 26, Act of October 1, 1890 (26 Stat., 618)".

Chapter VIII is amended as follows: The subtitle and the quotation of section 314, Act of September 21, 1922, immediately preceding article 83, which

"Section 314, Act of September 21, 1922 (42 Stat., 941)

"That upon the reimportation of articles once exported, of the growth, product, or manufacture of the United States. upon which no internal tax has been assessed or paid, or upon which such tax has been paid and refunded by allowance or drawback, there shall be levied, collected, and paid a duty equal to the tax imposed by the internal revenue laws upon such articles, except articles manufactured in bonded warehouses and exported pursuant to law, which shall be subject to the same rate of duty as if originally imported, but proof of the identity of such articles shall be made under general regulations to be prescribed by the Secretary of Treasury."

are eliminated, and the following new subtitle and quotation of section 314 of the Act of June 17, 1930, are substituted in lieu thereof:

"Section 314, Act of June 17, 1930 (46 Stat., 695).

"Upon the reimportation of articles once exported, of the growth, product, or manufacture of the United States, upon which no internal tax has been assessed or paid, or upon which such tax has been paid and refunded by allowance or drawback, there shall be levied, collected, and paid a duty equal to the tax imposed upon such articles by the internal revenue laws at the time of reimportation, except articles manufactured in bonded warehouses and exported pursuant to law, which shall be subject to the same rate of duty as if originally imported, but proof of the identity of such articles shall be made under regulations to be prescribed by the Secretary of the Treasury."

Chapter IX is amended as follows:

(1) The last sentence of article 90 (c)

"Sections 3220 and 3228, R. S., are (47 Stat. 902)." generally inapplicable."

is changed to read-

"Sections 3220, R. S., as amended by section 619 (b) of the Revenue Act of 1928 (45 Stat. 378), and 3223, R. S., as amended by section 1106 (a) of the Revenue Act of 1932 (47 Stat. 287), are generally inapplicable."

(2) The subtitle at the head of the partial quotation of section 3173 of the Revised Statutes, as amended, both immediately preceding and immediately following article 93, which reads-

"Section 3173, United States Revised Statutes, as amended by cection 1317, Act of February 24, 1919 440 Stat., 1146)."

is changed to read—

"Section 3173, Revised Statutes, as amended and reenacted in section 1115, Revenue Act of 1926 (44 Stat., 118)."

(3) The reference at the end of article 96 (b) reading-

"see section 3462, R. S., above."

is changed to read-

section 289, Act of March 3, 1911 (36) Stat., 1167)."

(4) The subtitle immediately following: the subheading "Removal or Concealment of Commodities" and reading-

Statutes"

is changed to read—

"Section 3450, United States Revised Statutes, as amended and reenacted by section 325, Act of June 26, 1936 (49 Stat., 1955)."

(5) The phrase at the end of the partial quotation of section 3450 of the Revised Statutes immediately following the above subtitle and reading-

"to a fine or penalty of not more than five hundred dollars."

is changed to read-

"to a fine of not more than \$5,000 or be imprisoned for not more than three years, or both."

Chapter IX is amended as follows:

(1) The parenthetical reference at the end of article 104 reading-

"(See section 2, Act of August 2,

is changed to read-

"(See section 2, Act of August 2, 1886, as amended by the Act of July 10, 1930.) (46 Stat. 1022)".

(2) The phrase at the end of article 111 (d) reading-

"by section 4, Act of May 9, 1902."

is changed to read—

"by section 4. Act of May 9, 1992, as amended by the Act of February 24, 1933.

This Treasury decision is issued under authority prescribed in section 20 of the Act of August 2, 1886 (24 Stat., 212).

SEAL GUY T. HELVERING. Commissioner of Internal Revenue.

Approved, June 1, 1938.

ROSWELL MAGILL. Acting Secretary of the Treasury.

[F.R.Dat 63–1635; Filed, June 6, 1939; 9:54 a.m.]

TITLE 31-MONEY AND FINANCE: TREASURY

PUBLIC DEET SERVICE

[1933—Department Circular No. 534]

OFFERING OF UNITED STATES OF ARRESTOA 2% Percent Treasury Bonds of 1953-63

REDEEMALE AT THE OPTION OF THE UNITED STATES AT PAR AND ACCRUED INTEREST ON AND AFTER JUNE 15, 1958; INTELEST PAYABLE JUNE 15 AND DECEMBER 15

I. Offering of bonds

1. The Secretary of the Treasury, pursuant to the authority of the Second "see section 3462, R. S., as amended by Liberty Bond Act, approved September £4, 1917, as amended, invites subscriptions, at par, from the people of the United States for 2% percent bonds of the United States, designated Treasury Bonds of 1950-63, in payment of which only Treasury Notes of Series B-1938, "Section 3450, United States Revised maturing June 15, 1938, or Treasury Notes of Series D-1938, maturing September 15, 1933, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury Notes of Series B-1933 ten-Treasury Notes of Series B-1938 and of Series D-1938 tendered and accepted.

II. Description of Bonds

1. The bonds will be dated June 15, 1938, and will bear interest from that date at the rate of 234 percent per annum, payable semiannually on December 15. 1938, and thereafter on June 15, and December 15 in each year until the principal amount becomes payable. They will mature June 15, 1963, but may be redeemed at the option of the United States on and after June 15, 1953, in whole or in part, at par and accrued interest, on any interest day or days, on 4 months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeamed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

2. The bonds shall be exempt, both as to principal and interest, from all taxpossessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, or gift taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest an onamount of bonds authorized by the Second Liberty Bond Act, approved September 24, 1917, as amended, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

- 3. The bonds will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege and by the Secretary of the Treasury to the will not be entitled to any privilege of conversion.
- 4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 and \$100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.
- 5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

III. Subscription and allotment

- 1. Subscriptions will be received at the Federal Reserve banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.
- 2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

hereunder must be made or completed annum, payable semiannually on De- Interest from March 15, 1938, to Sep-

United States, any State, or any of the allotment, and may be made only in 15 and December 15 in each year until Treasury Notes of Series B-1938, maturing June 15, 1938, or in Treasury Notes of Series D-1938, maturing September 15, 1938, which will be accepted at par, and should accompany the subscription. In the case of Treasury Notes of Series D-1938 tendered in payment, coupons dated September 15, 1938, must be attached to the notes when surrendered, and accrued interest from March 15, 1938, to June 15, 1938, (\$6.25 per \$1,000), will be paid following acceptance of the notes.

V. General Provisions

- 1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated Federal Reserve banks of the respective districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.
- 2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

[SEAL] HENRY MORGENTHAU, Jr., Secretary of the Treasury.

[F. R. Doc. 38-1591; Filed, June 6, 1938; 12:34 p. m.]

[1938-Department Circular No. 585]

OFFERING OF UNITED STATES OF AMERICA 11/8 PERCENT TREASURY NOTES OF SE-RIES A-1943

> INTEREST PAYABLE JUNE 15 AND DECEMBER 15

> > JUNE 6, 1938.

I. Offering of Notes

1. The Secretary of the Treasury. pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for 11/8 percent notes of the United States, designated Treasury Notes of Series A-1943, in payment of which only Treasury Notes of Series B-1938, maturing June 15, 1938, or Treasury Notes of Series D-1938, maturing September 15, 1938, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury Notes of Series B-1938 and of Series D-1938 tendered and accepted.

II. Description of Notes

1. The notes will be dated June 15, 1938, and will bear interest from that

ation now or hereafter imposed by the jon or before June 15, 1938, or on later | cember 15, 1938, and thereafter on June the principal amount becomes payable. They will mature June 15, 1943, and will not be subject to call for redemption prior to maturity.

- 2. The notes shall be exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes, or gift taxes) now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority.
- 3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.
- 4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.
- 5. Bearer notes with interest coupons attached will be issued in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000 and \$100,000. The notes will not be issued in registered form.

III. Subscription and Allotment

- 1. Subscriptions will be received at the Federal Reserve banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.
- 2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Panment

1. Payment at par for notes allotted hereunder must be made or completed on or before June 15, 1938, or on later allotment, and may be made only in Treasury Notes of Series B-1938, maturing June 15, 1938, or in Treasury Notes of Series D-1938, maturing September 15, 1938, which will be accepted at par, and should accompany the subscription. In the case of Treasury Notes of Series D-1938 tendered in payment, coupons dated September 15, 1938, must be at-1. Payment at par for bonds allotted date at the rate of 11/8 percent per tached to the notes when surrendered. tember 15, 1938, on the maturing notes will be credited to subscribers, and in-15, 1938 on the new notes will be charged to subscribers. The difference (\$9.672131 per \$1,000) will be paid following acceptance of the notes.

V. General Provisions

- 1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.
- 2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

[SEAL] HENRY MORGENTHAU, Jr., Secretary of the Treasury.

[F. R. Doc. 38-1592; Filed, June 6, 1938; 12:34 p. m.]

TITLE 43—PUBLIC LANDS GENERAL LAND OFFICE

[Circular No. 1138a]

REGULATIONS RELATIVE TO REINDEER GRAZING IN ALASKA

- 1. Statutory authority.-The act of March 4, 1927 (44 Stat. 1452), authorized the Secretary of the Interior to lease public lands in Alaska for grazing reindeer and other animals on the public lands of Alaska. Section 14 of the act of September 1, 1937 (50 Stat. 900), authorizes the Secretary of the Interior, in order to coordinate the use of public lands in Alaska for grazing reindeer, to regulate the grazing of reindeer upon said lands. It authorizes him, in his discretion, to define reindeer ranges and to regulate the use thereof for grazing reindeer, to issue reindeer grazing permits and to issue rules and regulations to carry into effect the provisions of said terests and to all attendant circumsection of the act.
- 2. No reindeer leases to issue under the act of March 4, 1927.—In view of the provisions of section 14 of the act of September 1, 1937, no reindeer leases will issue under the act of March 4, 1927, after the date of this circular, and the grazing of reindeer in Alaska will be governed by the act of September 1, 1937, and the rules and regulations that may be promulgated thereunder.
- 3. Circular No. 1138 as amended by Circular No. 1203, amended .- In accordance with the foregoing, Circular No. mented .- These regulations supercode 1138 as amended by Circular No. 1203 is hereby amended by substituting for No. 1384 dated April 15, 1936, and sup-

terest from June 15, 1938 to September filed in the proper district land office. and September 3, 1936, respectively. Applications should be filed in duplicate.

'(a) After a serial number has been assigned by the Register of the district land office to an application for a lease, one copy will be forwarded to the Commissioner of the General Land Office and one to the Office of the Division of Investigations at Anchorage, Alaska, cach copy to be accompanied by a status report.

"(b) Applications for leases must conform substantially to the Form 4-469.

"4. The Special Agent in Charge will cause an investigation to be made of all applications to lease for grazing purposes and report to the General Land Office as to the livestock to be grazed on the land; as to the carrying capacity of the areas sought; as to the improvements, if any, existing thereon; as to their use and cccupancy and as to the feasibility of granting the lease applied for. Recommendation should also be made as to what rental should be charged and for any particular period."

> FRED W. Johnson, Commissioner.

Approved, May 26, 1938. OSCAR L. CHAPMAN, Assistant Secretary.

[F. R. Dcc. 38-1563; Filed, June 4, 1938;

[Circular 1381a]

DISPOSITION OF CONFLICTING APPLICATIONS Under Sections 8 (B), 14 and 15 of THE TAYLOR GRAZING ACT

- 1. Allowance of applications discretionary with the Secretary of the Interior.—The exchange of privately-owned lands under Section 8 (b) of the Taylor Grazing Act approved June 28, 1934 (48 Stat. 1269), as amended by the act of June 26, 1936 (49 Stat. 1976), the ordering of public sales under Section 14 of the act, and the issuance of icaces under Section 15 thereof are within the discretionary power of the Secretary of rowed as to make the referred matter the Interior. In adjudicating such applications, the General Land Office will give consideration to all rights and instances.
- 2. Action by the register on conflicting applications.-The register will not reject an application of the classes mentioned in the preceding paragraph solely for conflict with a prior application of such classes, but will suspend it and will he states the interest of such party in attach to the original and each copy a memorandum stating the facts as to the conflict. The register will forward the original and copies of such applications as directed by the governing regulations.
- 3. Regulations superseded and supplethe regulations contained in Circular sections 3 and 4 thereof the following: plement the regulations in Circulars

"3. After the establishment of a grading [Not. 634, 1401 (revised), and 14031 district, applications for leaces may be dated November 23, 1934, April 30, 1937,

> FAID W. JOHNSON, Commissioner.

Approved May 25, 1933. OSCAR L. CHAPHAN. Assistant Secretary.

[P.R.Drc. 38–1563; Filed, June 4, 1935; 9:43 a.m.]

TITLE 49-TRANSPORTATION AND RAILROADS

INTERSTATE COMMERCE COMMISSION

SPECIAL INSTRUCTIONS GOVERNING PRO-CHEDINGS UNDER THE MOTOR CAPPERE Acr, 1935

MAY 31, 1930.

The Commission has adopted the following special instructions governing proceedings under the Motor Carrier Act, whether such charge should be deferred 1935, which revise, supplement, and correct the special instructions dated May 10, 1937.3

> 1. Except as indicated in these special instructions, proceedings under the Motor Carrier Act, 1935, are governed by the applicable or analogous provisions of the Commission's Rules of Practica.

- 2. When, in the Rules of Practice, reference is made to commissioners or examiners, it will be understood that the reference also includes a special board composed of State representatives (herein called "joint board") to whom matters have been referred pursuant to section 205 of the act for hearing, consideration, and recommendation of an appropriate order thereon (herein called "referred matter"). Those to whom matters are so referred will be called referess.
- 3. A referee may not grant leave to amend or file any pleadings, or to intervene, in a referred matter, upon application tendered at the hearing, if thereby the issues would be unduly broadened, or if thereby the issues would be so narone which should properly be referred to a different referee.
- (a) A person may enter his appearance at the hearing in proceedings upon applications under sections 205, 207, 203, 209, 211, 213, and 214, without formal intervention or other pleading: provided he discloses fully the identity of the party or parties in whose behalf the appearance is to be entered; that the proceeding and the position he intends to take therein; and shows that his contentions will be reasonably pertinent to the issues already presented and disclaims any right to broaden them unduly. Those in whose behalf appearances are entered in this manner

¹ 1 P.P. 1372; 2 P.R. 836 (DI). ² 2 P.P. 1017 (DI).

thereby become parties to the proceed-|allowed the Commission will grant such| the act on Forms B. M. C. A-1, A-2, 4, 5, ing, as if upon leave they had become review or make such orders or hold or interveners by the filing of a petition in intervention.

- 4. Formal complaints must be filed with the Commission at Washington and should be accompanied by a statement of the point at which hearing is desired. They should specifically name the States in which the assailed rates, fares, or charges apply. Addresses of all defendants should be shown in order to insure proper service. Sufficient copies must accompany each formal complaint to enable the Commission to serve one upon each defendant, to supply one to the State board of each State included within the scope of the complaint, and to retain three for its own
- 5. Informal complaints may be communicated to the Commission at Washington or at the nearest district office of the Eureau of Motor Carriers of the Commission.1
- Protests against applications under any provisions of the Motor Carrier Act, 1935, or any requirement established pursuant thereto, must conform to the requirements of rule XXI of the Rules of Practice. They must contain a concise statement of the interest of the protestant in the proceeding and the grounds upon which the protest is based, and when practicable each ground of protest should be set up in separately numbered paragraphs.
- 7. In shortened procedure cases sufficient copies of memoranda should be submitted to enable the Commission to retain five copies, in addition to the original, for use by itself and the referees, and to make service upon each party previously designated to receive copies.
- 8. In referred matters, which are governed so far as applicable by the usual procedure of the Commission as to "proposed report" cases (Rule XIV of the Rules of Practice), the referee will fix the time for the simultaneous filing of briefs; and after the expiration of such time will file with the Commission a report and recommended order containing the statement of the issues and facts and the findings and recommended conclusions, which will be served by the Commission. Exceptions may be taken as provided by Rule XIV (d) 4 of the Rules of Practice. If no exceptions are filed within the period allowed the referee's recommended order shall become the order of the Commission and become effective unless within such period it is stayed or postponed by the Commission. If exceptions are filed within the period

authorize such further hearings or proceedings in the premises as may be necessary or proper. In all cases where an order becomes effective within the meaning of this rule a notice to that effect will be served on the parties.

- 9. A petition for rehearing, reargument, or reconsideration of an order entered in proceedings under the provisions of sections 206, 209, or 211 of the act, whereby applicants, after formal hearing, have been granted a certificate, permit, or license, must be filed within 30 days after service of the final report therein, or after service of notice that the recommended order of the referees has become effective, and the date of mailing of the report or notice to the parties shall be considered as the date of the service.
- 10. Whenever the Commission orders, without hearing, that a certificate of public convenience and necessity or a permit, under sections 206 or 209 of the act shall be issued and become effective on a designated date unless on the Commission's own motion or for good cause shown it is otherwise ordered, petitions for the staying of the order or for the withholding of the issuance of such certificate or permit, or other objection thereto, must be in writing, which shall contain a statement of the grounds relied upon, and be verified by one having knowledge of the facts therein stated. Such petition or objection shall be filed at the office of the Commission in Washington at least 10 days prior to the date designated in the order for the issuance of such certificate or permit.
- 11. Applications for the granting of any right, privilege, authority, or relief under any provision of Part II, or any requirement established pursuant thereto, and the reporting of certain information pursuant thereto, shall be in the form and contain the information called for on the appropriate form for each purpose as provided in the appendix hereto, and shall be filed and served. and shall otherwise conform to the instructions contained on the pertinent form.

[SEAL]

W. P. BARTEL. Secretary.

APPENDIX

List of Forms Used in Making Application for the Granting of Certain Rights, Privileges, Authorities, or Relief Under, or From, Certain Provisions of Part II, or Requirements Established Pursuant Thereto, and the Reporting of Certain Information Pursuant Thereto. Date When Each Form Was Approved is Shown by Brackets.

B. M. C. 3. Designation of agent for service of notices, orders and process. Sections 221 (a) and 221 (c). This form is required to be filed with all ap-

8, 9, 10, and 11. [October 8, 1935.]

B. M. C. 4. Application for brokerage license-property. Section 211. B. M. C. 3 required. [November 1, 1935.]

B. M. C. 5. Application for brokerage license-passengers. Section 211. B. M. C. 3 required. [November 1, 1935.]

- B. M. C. 6. Application to register by common carriers engaged, within a single State, in the transportation of property in interstate or foreign commerce. Section 206 (a). Order issued covering form is directed to carriers lawfully engaged in operation solely within a single State under authority of a certificate granted by such State who between places within such State engage in transportation of property in interstate or foreign commerce. [November 1, 1935.]
- B. M. C. 7. Application to register by common carriers engaged within a single State in the transportation of passengers in interstate or foreign commerce. Section 206 (a). See reference to the order in connection with B. M. C. 6. [November 1, 1935.]
- B. M. C. 8. Application for certificate of public convenience and necessityproperty. Sections 206, 207, and 208. Covers application by common carriers of property (1) to institute new operations, (2) to extend an operation for which a separate application has been filed with or certificate issued by the Commission, and (3) for any operations for which application was not filed under the "grandfather" clause on or before February 12, 1936. B. M. C. 15 (notice) required in addition to B. M. C. [October 28, 1935.]
- B. M. C. 9. Application for certificate of public convenience and necessitypassengers. Sections 206, 207, and 208, See description of operations outlined under B. M. C. 8. Forms B. M. C. 3 and 15 required. [October 28, 1935.]
- B. M. C. 10. Application for permitproperty. Section 209. See description of operations under B. M. C. 8. B. M. C. 3 and 15 required. [October 28, 1935.]
- B. M. C. 11. Application for permitpassengers. Section 209. See description of operations under B. M. C. 8. B. M. C. 3 and 15 required. [October 28, 1935.]
- B. M. C. 12. Application for determination of status under section 203 (b) (8) of carriers engaged in the local interstate transportation of passengers wholly within a municipality or between contiguous municipalities or within a zone adjacent to and commercially a part of a municipality or municipalities, but not under a common control, management, or arrangement for a continuous carriage to or from a point without such municipality, municipalities, or zone. B. M. C. 16 (notice) required. [November 12, 1935.]
- B. M. C. 15. Notice. To be served, in person or by registered mail, upon each motor carrier and each carrier by rail or water, known to applicant, with whose plications for authority to operate under | service the operations covered by Forms

¹ District offices, numbered as follows, are maintained at the following points: 1, Boston, Mass.; 2, New York, N. Y.; 3, Philadelphia, Pa.; 4, Columbus, Ohio; 5, Charlotte, N. C.; 6, Atlanta, Ga.; 7, Nashville, Tenn.; 8, Chicago, Ill.; 9, Minneapolis, Minn.; 10, Kansas City, Mo.; 11, Little Rock, Ark.; 12, Fort Worth, Tex.; 13, Denver, Colo.; 14, Salt Lake City, Utah; 15, Portland, Oreg.; 16, San Francisco, Calif.

directly competitive. [May 31, 1938.]

B. M. C. 16. Notice. To be served, in person or by registered mail, upon each motor carrier with whose service the operations covered by B. M. C. 12 are directly competitive. [May 31, 1938.]

B. M. C. 18. Application for determination of status under section 203 (b) (8) of carriers engaged in local interstate transportation of property wholly within a municipality or between contiguous municipalities or within a zone adjacent to and commercially a part of a municipality or municipalities, but not under a common control, management, or arrangement for a continuous carriage to or from a point without such municipality, municipalities, or zone. B. M. C. 19 (notice) required. [November 29, 1935.]

B. M. C. 19. Notice. To be served, in person or by registered mail, upon each motor carrier known to applicant, with whose service the operations covered by B. M. C. 18 are directly competitive. [May 31, 1938.]

B. M. C. 20. Application for authority under section 213 to consolidate or merge. [January 10, 1936.]

B. M. C. 21. Application for authority under section 213 to purchase, to lease, or to contract to operate the properties, or any part thereof, of a motor carrier, or for acquisition of control of such carrier through ownership of its stock. [January 10, 1936.]

B. M. C. 22. Application for authority under section 214 to issue securities. [January 10, 1936.]

B. M. C. 23. Application for authority under section 214 to assume obligation or liability as lessor, lessee, guarantor, indorser, surety, or otherwise, in respect of the securities of any other person, natural or artificial. [January 10, 1936.]

B. M. C. 26. Applications under sections 206 and 209, for substitution of prospective purchaser in lieu of applicant. [April 28, 1936.]

B. M. C. 27. Applications under section 212 (b) to transfer certificates of public convenience and necessity or per-

mits. [April 28, 1936.] B. M. C. 28. Certificate of notification

of securities sold, pledged, repledged, or otherwise disposed of, required by section 214 (paragraph (5), section 20 (a), Interstate Commerce Act), including obligations of the applicant authenticated or issued by trustees or others. [August 3, 1936.]

B. M. C. 29. Certificate of notification of the issue of notes maturing not more than two years after the dates thereof, required by section 214 (paragraph (9), section 20 (a), Interstate Commerce Act). [August 3, 1936.]

B. M. C. 30. Periodical report of the disposition made of securities authorized under section 214 (paragraph (10), section 20 (a), Interstate Commerce

B. M. C. 8, 9, 10, and 11 are or will be | than two years after the date thereof, | at the hearings held in Washington, D. and of the application of the proceeds C. on January 14, 1938, and May 3, of such securities, or notes, required by 1938. said section. [August 3, 1936.]

B. M. C. 31. Endorsement for motorcarrier policies of insurance for bodilyinjury liability, and property-damage liability, under section 215. [August 3, D. C., on or before 4:30 p. m., June 15, 1936.]

B. M. C. 32. Endorsement for motor common-carrier policies of insurance for cargo liability under section 215. [August 3, 1936.]

B. M. C. 33. Motor-carrier automobile bodily-injury liability and propertydamage liability certificate of insurance. For use, when applicable, in connection with Form B. M. C. 31. [August 3, 1936.1

B. M. C. 34. Motor-carrier cargo liability certificate of insurance. For use, when applicable, in connection with Form B. M. C. 32. [August 3, 1936.]

B. M. C. 35. Notice of cancelation motor-carrier policies of insurance. [August] 3, 1936.]

B. M. C. 36. Notice of cancelation of motor-carrier and broker's surety bonds. [August 3, 1936.]

B. M. C. 37. Motor-carrier badily-injury liability and property-damage liability surety bond under section 215. [August 3, 1936.]

B. M. C. 33. Motor-carrier cargo-liability surety bond under section 215. [August 3, 1936.]

B. M. C. 39. Broker's surety bond under section 211 (c). [August 3, 1936.]

B. M. C. 40. Application for authority to self-insure under section 215. (August 3, 1936.]

B. M. C. 50. Accident reports by common carrier and contract carriers by

motor vehicle. [March 18, 1937.] B. M. C. 54. Driver information form. Must be filed for every driver, including owner-drivers, so employed as of July 1. 1937. [June 5, 1937.]

B. M. C. 70. Application for change of route. [May 17, 1937.]

B. M. C. 71. Application for identification plates. [May 7, 1937.]

[F.R. Doc. 38-1500; Filed, June 6, 1938; 12:30 p. m.]

Notices

DEPARTMENT OF AGRICULTURE.

Agricultural Adjustment Administration.

1938 SUGAR QUOTAS FOR PUERTO RICO NOTICE OF PROPOSED ORDER

Notice is hereby given of a proposed order, set forth below, of the Secretary of Agriculture allotting the 1938 Puerto Rican sugar quota for the continental United States and the 1938 sugar quota for Puerto Rico for local consumption. The proposed order is based on evidence Act), or of notes maturing not more presented to the Secretary of Agriculture

Objections to the proposed order should be filed with the Hearing Clerk, Office of the Solicitor, United States Dapartment of Agriculture, Washington, 1930.

[SEAL] H. A. WALLACE. Secretary of Agriculture. June 3, 1938.

PROPOSED DECISION AND ORDER OF SECRETARY OF AGRICULTURE ALLOTTING THE 1938 SUGAR QUOTAS FOR PUERTO PICO

General Sugar Quota Regulations, Series 5, No. 1, issued by the Secretary of Agriculture on December 20, 1937,2 pursuant to the Sugar Act of 1937 (herainafter referred to as the "act"), establich a 1938 sugar quota for Puerto Rico for the continental United States of 019,344 short tons, raw value.3 General Sugar Quota Regulations Series 5, No. 2, issued by the Secretary of Agriculture on December 28, 1937, establish a 1933 sugar quota for Puerto Rico for local concumption of 73,851 short tons, raw value.

Under the provisions of section 205 (a) of the act, the Secretary is required to allot a quota whenever he finds that the allotment is necessary (1) to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate commerce, (2) to prevent the disorderly marketing of sugar or liquid cugar, (3) to maintain a continuous and stable supply of sugar or liquid sugar, or (4) to afford all interested persons an equitable opportunity to market gugar or liquid sugar within the quota for any area. Section 205 (a) also provides that such allotment shall be made after such hearing and upon such notice as the Secretary may by regulations prescribe. On December 31, 1937, the Secretary, pursuant to General Sugar Regulations, Series 2, No. 2,6 issued a notice of a public hearing to be held in Washington, D. C., on January 14, 1938, for the purpose of receiving evidence to enable him to make a fair, efficient, and equitable distribution of the 1938 Puerto Rican sugar quotas among interested percons and such other evidence as might be pertinent to the exercise of the powers vected in the Secretary under section 205 (a) of the act.

Section 205 (a) of the act requires a preliminary finding of the Secretary as a condition precedent to the calling of a hearing. The Notice of Hearing and

²³ F.R. 2373 (DI). 22 P.R. 3367 (DI).

^{*2}F.R. 3357 (DI).

*There regulations also provide that 123,633 abort tome, raw value, of this quota may
be filled by direct-concumption sugar, the
allotment of which was made in Puerto Rico
Sugar Order No. 11, insued June 1, 1923.

*2 F.R. 3333 (DI).

⁴² F.R. 2203 (DI).

Designation of Presiding Officers issued | Under these conditions, it is concluded | growers whose sugar cane was ground by the Secretary on December 31, 1937. provided in part as follows:

"Pursuant to the authority contained in Section 205 (a) of the Sugar Act of 1937 (Public, No. 414, 75th Congress) and on the basis of the information now before me, I, H. A. Wallace, Secretary of Agriculture, do hereby find that the allotment of the 1938 sugar quota for Puerto Rico for shipment to the continental United States (including the portion which may be filled by direct-consumption sugar, pursuant to section 207 (b) of said act) and the 1938 sugar quota for Puerto Rico for local consumption, established pursuant to sections 202 and 203, respectively, of the said act is necessary to prevent disorderly marketing and importation of such sugar *

The preliminary finding was based upon information which the Secretary had to the effect that, for the calendar year 1938, Puerto Rican processors have an apparent excess of supplies over quota requirements of approximately 244,000 short tons of sugar.

The hearing was held in Washington, D. C., on the date specified in the notice. The evidence presented at that hearing was found inadequate to enable the Secretary to make a fair, efficient, and equitable distribution of the 1938 United States sugar quota for Puerto Rico and the 1938 Puerto Rican sugar quota for local consumption. Accordingly, on April 26, 1938, the Secretary issued a notice of a public hearing to be held in Washington, D. C., on May 3, 1938, for the purpose, among others, of receiving additional evidence to enable him to make a fair, efficient, and equitable distribution of such quotas. The notice of the hearing also contained a confirmation by the Secretary of his prior finding of December 31, 1937, to the effect that the allotment of the 1938 quotas for Puerto Rico is necessary to prevent the disorderly marketing and importation of sugar. The hearing was held on May 3, as specified in the notice, and was concluded on May 4.

The evidence presented at the hearing of May 3 indicated that the preliminary finding of the Secretary regarding the necessity for allotment of the quotas should be confirmed. Such evidence (p. 117 of the record) indicated that, for the calendar year 1938, there would be available for market in Puerto Rico approximately 1,137,000 short tons of sugar, consisting of 137,000 short tons of sugar in stocks carried over from prior years, and an estimated out-turn of the 1938 crop of approximately 1,000,000 tons. Since the quota requirements for 1938, both for the continental United States and for local consumption, are 893,195 short tons, raw value, Puerto Rican processors will have available for market an excess of supplies over quota requirements of approximately 244,000 short tons of sugar. to the 1938 crop in Puerto Rico.

that, without allotment of these quotas, disorderly marketing of sugar will result.

Section 205 of the act provides in part that:

"Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane liquid sugar from sugar neets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past market-ings or importations of each such person; or the ability of such person to market or import that portion of such quota or proration thereof allotted to him."

Under section 302 (a) of the act the Secretary is required to fix proportionate shares of sugar beets or sugarcane for farms in each domestic sugar-producing area on the basis of which payments authorized in title III of the act are to be made. The proportionate share for a farm represents a share of the quantity of sugar beets or sugarcane for the extraction of sugar required to be processed to enable the producing area in which the farm is located to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for the calendar year during which the larger part of the sugar from the crop of sugar beets or sugarcane normally would be marketed. Section 301 of the act provides, as a condition of payment, that there shall not be marketed (or processed) an amount of sugar beets or sugarcane grown on the farm and used for the extraction of sugar in excess of the proportionate share for the farm.1

"Marketing allotments" made to Puerto Rican producers of sugarcane under the Jones-Costigan Act are equivalent to "proportionate shares" made to such producers under the present act. These marketing allotments for the calendar year 1936 were obtained as fol-

(a) A marketing allotment for each mill area was first computed on the basis of the average sugar production in such area during the years 1931, 1932, and 1934, adjusted to the estimated Puerto Rican sugar quota for 1936; and

(b) The base production of each producer was adjusted to the marketing allotment for the mill area in which the producer was located.

The base production of each producer, adjusted to the marketing allotment for the mill area in which he was located. became the producer's 1936 marketing allotment.

The 1936 marketing allotment of the processor was equal to the sum of the 1936 marketing allotments of individual

by the processor in 1936.2 These marketing allotments to processors were approved and ratified by the Congress in Public Resolution No. 109, approved June 19, 1936, which amended the Jones-Costigan Act.

Public Resolution No. 109 further provided that the Secretary might allot any sugar quota on the basis of prior allotments made under the Jones-Costigan Act. Accordingly, allotment of the 1937 Puerto Rican sugar quota was made on the basis of the 1937 marketing allotments to individual growers and such individual growers' allotments were computed by adjusting the 1936 marketing allotments of individual growers to the 1937 sugar quota.

In view of the intention of Congress to hold the marketings of sugar beets and sugarcane for sugar within the limits of quota requirements, as expressed in title III of the act, and in view of the further fact that allotments to processors for the past two years under similar legislation have been made on the basis of marketing allotments to producers, it is concluded that, in order to provide a fair, efficient, and equitable distribution of the quotas for Puerto Rico, allotments should be made on the basis of the first standard stated in the act, namely, the processings of sugar from sugarcane to which proportionate shares, determined pursuant to section 302 of the act, per-

The use of either or both of the other two standards given in the act (except insofar as "past marketings" are reflected in the determination of proportionate shares), namely, "past market-ings" and "ability " * to marings" and "ability * to market", would not provide a fair, efficient, and equitable distribution of the quotas, since allotments resulting therefrom would not protect the interest of individual producers of sugarcane in Puerto Rico.4 It is believed that the act contemplates the allotment of the quota which will be fair and equitable to producers of sugar beets and sugarcane, as well as those who market the sugar made

¹Section 301 (e) of the act provides that this condition shall not apply to the first to the first crop harvested after the enactment of the act. Hence the condition is not applicable

² The marketing allotments made to processors by this method resulted in allot-ments practically identical with those that would have been made had the allotments been based on the marketings of processors during the years 1931, 1932, and 1934. The maximum variation amounted to 619% and the minimum variation amounted to .002% In the majority of cases the variation was less than .1 of 1%.

³Since no payments were made with respect to the 1937 crop of sugarcane in Puerto Rico, the allotments were made solely for purpose of computing allotments to proces-

⁴Eastern Sugar Associates and Control Igualdad contend that allotments should be made on the basis of past marketings or ability to perform (pages 18, 37, and 38 of the record of hearing of January 14 and page 132 of record of hearing of May 3). None of the other 32 processors of sugarcane in Puerto Rico has objected.

therefrom. If allotments were made on proportionate shares.

notice of the hearing of May 3, all interested persons were furnished with 1938 quota and provide a normal carryproposed allotments (Government Exhibits 1 and 8) based upon the determination of proportionate shares for the 1938 crop of sugarcane in Puerto Rico, which determination was issued by the Secretary on January 11, 1938 (Gov-ernment Exhibit No. 14). The proposed have available for market, 1,137,000 short allotment of each processor represented the sum of the proportionate share made to the processor as producer plus the proportionate shares to individual producers whose 1938 crop the processor | ments of 244,000 short tons of sugar. has agreed to grind. The proposed allotments were based upon contracts for Rican processors had commitments to sumption in Puerto Rico, respectively, grinding made by processors up to April 6, 1938. At the hearing of May 3, however, there was introduced in evidence the sum of the proportionate shares of sugarcane which processors had contracted to grind up to April 30, 1938 (Government Exhibit No. 11). The total includes also any proportionate share established for the processor under the Secretary's determination.

The evidence presented at the hearing shows that on April 30, 1938, Puerto Rican processors had commitments for grinding proportionate shares of sugarcane of the 1938 crop (including administration sugarcane) in the following amounts (Government Exhibit 11):

*		
	ımmation of 193	
	oportionate Sha	res
Aguirre (3 mills)	108.0	082
Cambalache	44.0	654
Canovanas	34,	315
Carmen	16,	168
Coloso	37.	
Constancia-Toa	23,	
El Ejemplo	14,	124
Eureka	15,	107
Fajardo		
Guanica	103,	627
Guamani		220
Herminia		126
Igualdad		968
Juanita		
Lafayette	32,	
Plazuela and Los Canos		
Monserrate		
Pellejas	2,	817
Plata		
Playa Grande		205
Rochelaise		791
Roig		
Rufina		
San Vicente		
Santa Barbara		881
Soller		452
Vannina		
Victoria	18,	
Eastern Sugar Associates	93,	
San Francisco		435
Caribe		047
Constancia-Ponce		441
Mercedita		
Beca Chica	16,	387
Total	951,	224
Reserve for future allotmen		594
Theserve for interne amounter		55 2

At the time of the issuance of the which the Secretary estimated to be necessary to enable Puerto Rico to meet its over inventory (Government Exhibit No. 13).

> On the basis of the record of the hearings, I hereby find:

- 1. That for the calendar year 1938 Puerto Rican processors of sugar will Secretary of Agriculture by section 205 tons of sugar.
- 2. That for the calendar year 1933 have supplies in excess of quota require-
- 3. That as of April 30, 1933, Puerto of the 1938 crop in the following amounts:

		1
Summation	2 of 1936	- ا
Processors propertions		1
Aguirre (3 mills)	103.682	1
Cambalache	44.654	Ł
Canovanas		١
Carmen		۱-
Coleso		١.
Constancia—Tea		1
El Bjemplo		lì
Eureka		10
Fajardo		
Guanica		16
Guamani		1
Herminia		ľ
Igualdad		li
		Lì
Juanita	. 22,023	Į į
Lafayette	32, 167 42, 213	1
Plazuela and Los Cancs		13
Monserrate		1
Pellejas		13
Plata	. 13,331	Li
Playa Grande	8,203	1 i
Rechelaise		L
Rolg		Ц
Rufina		7
San Vicente	_ 36,823	L
Santa Barbara		
Soller		
Vannina		T:
Victoria	_ 18,333	1
Eastern Sugar Accodates	_ 93,849	
San Francisco		
Caribe		
Constancia—Ponce		1
Mercedita	_ 37,786	- 13
Boca Chica	_ 16,387	П
l		1.
Total	_ 951,281	P
Reserve for future allotment	2,591	1
		ı
	933, 878	ľ

On the basis of the foregoing, I hereby determine and conclude that the allotment of the 1938 sugar quota for Puerto Rico for the continental United States and the 1938 sugar quota for Puerto Rico for local consumption is necessary in order to prevent disorderly marketing of sugar, and that in order to make a fair, efficient, and equitable distribution of such sugar, as required by section 205 (a) of the act, allotments should be made on the basis of propor-

The reserve for future allotment repre- the cum of the 1933 proportionate any basis other than that proposed, in- sents proportionate shares which on shares of sugarcane to be ground by dividual producers in Puerto Rico would have no assurance that they would be able to market the entire amount of their dionate shares of 953,873 short tons of centum to obtain the continental sugar represents the amount of sugar United States marketing allotment, (2) by 7.742185° per centum to obtain the marketing allotment for local consumption, and (3) by 6.361715° per centum to obtain the allotment for a normal carry-over inventory.

ORDER

Pursuant to the authority vested in the (a) of the act, it is hereby ordered:

1. That the said quantity of 819,344 short tons, raw value, and the said quan-Puerto Rican processors of sugar will tity of 73,651 short tons, raw value, of sugar, representing the 1938 quota for Puerto Rico for the continental United States and the 1933 quota for local congrind proportionate shares of sugarcane shall be allotted to the following prosessors in the amounts which appear opposite their respective names:

Presenters	Continental U.S. mer- keting al- litment	Allobment for local concumy- tion
Actume (3 mile). Contain to Conta	23.413 24.413 24.413 25.413 25.413 25.413 25.413 26.413 26.443 26	\$.007 2.007 2.007 2.007 2.007 1.007 1.007 1.007 2.007 2.007 1.007 2.007 2.007 1.007 2.007 1.007 2.007 1.007 2.007 1.007 2.007 2.007 1.007 2.007 2.007 1.007 2.007 2.007 1.007 2.007
	513,244	73,931

2. That the above-named processors are hereby prohibited from bringing into the continental United States from Puerto Rico, for consumption during the calendar year 1933, or from marketing

Percentage which the quote for mar-licting in the continental United States is

of 1938 quota requirements plus a normal carry-over inventory.

Percentage which the quota for lead concumption to of the 1938 quota requirements plus a normal carry-over inventory.

^{2,594} should be made on the basis of proportionate shares, determined pursuant to inventory in of the 1938 quota requirements section 302 of the act, by multiplying plus a normal carry-over inventory.

locally in Puerto Rico during the calen- on the same date and at the same the City of Washington, D. C., on the dar year 1938, any sugar in excess of the respective marketing allotments therefor set forth in paragraph 1.

3. That the quantity of sugar specified in paragraph 1 as "Reserve for future allotment" shall be allotted to processors who contract to grind the proportionate shares represented thereby, and the allotments of such processors set forth above shall be increased accordingly.

- 4. That any increase or decrease in the 1938 sugar quotas for Puerto Rico shall be prorated among processors on the basis of the allotments set forth above, and that one and one-half per centum of the allotment for marketing in the continental United States made to each processor shall be withheld (but not beyond December 1, 1938) for adjustments in the event of a decrease in the 1938 quota for Puerto Rico for marketing in the continental United States pursuant to section 201 of the act.
- 5. That the allotments established above shall not be assigned or transferred without the approval of the Secretary or his duly appointed agent.

[F. R. Doc. 38-1583; Filed, June 4, 1938; 12:06 p. m.]

FEDERAL POWER COMMISSION.

[Docket Nos. ID-857, 859-864]

Applications of Garrett O. House, John F. McGuire, Joseph B. Erblang, ERNEST H. COTTON, JAMES S. McMIL-LEN, ROY F. MILLER, LESLIE N. GOBLER

ORDER FIXING DATE OF HEARING

JUNE 1, 1938.

Commissioners: Clyde L. Seavey, Acting Chairman; Claude L. Draper, Basil Manly, John W. Scott.

It appearing to the Commission that: (a) Upon applications separately filed by the above-named applicants pursuant to Section 305 (b) of the Federal Power Act for authorization to hold certain interlocking positions within the purview of said Section 305 (b), it is in the public interest that each of the above-named applicants make further showing that neither public nor private interests will be adversely affected by reason of his holding said positions;

- (b) Such further showing can best be made in the form and manner of a public hearing held for that purpose:
- (c) The application of each of the above-named applicants contains the following request:

"In view of the fact that the Companies covered herein are all included in the Northern States Power Company group with respect to which a general public hearing is to be held in re Robert F. Pack, I. D. 546, et al., in the City of Chicago, Illinois, on June 15, 1938, Applicant respectfully requests that the Complace.":

The Commission orders that:

A public hearing on said applications be held beginning on June 15, 1938, at 10 a.m., in room 988, Merchandise Mart, Chicago, Illinois, and that at said hearing each of the above-named applicants make further showing that neither public nor private interests will be adversely affected by reason of his holding positions within the purview of Section 305 (b) of the Federal Power Act.

[SEAL] LEON M. FUQUAY, By the Commission.

Secretary.

[F. R. Doc. 38-1570; Filed, June 4, 1938; 9:44 a. m.]

FEDERAL TRADE COMMISSION.

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 1st day of June, A. D. 1938.

Commissioners: Garland S. Ferguson. Chairman; Charles H. March, Ewin L. Davis, William A. Ayres, Robert E. Freer.

[Docket No. 3200]

IN THE MATTER OF ALGREN MANUFACTUR-ING COMPANY, INC. A CORPORATION

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S. C. A., Section 41),

It is ordered, That John W. Addison, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered, That the taking of testimony in this proceeding begin on Friday, June 10, 1938, at nine-thirty o'clock in the forenoon of that day (eastern standard time) in Room 500, 45 Broadway, New York City, New York.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL]

OTIS B. JOHNSON, Secretary.

[F.R. Doc. 38-1579; Filed, June 4, 1938; 11:08 a.m.)

United States of America-Before Federal Trade Commission

1st day of June, A. D. 1938.

Commissioners: Garland S. Ferguson, Chairman; Charles H. March, Ewin L. Davis, William A. Ayres, Robert E. Freer.

[Docket No. 3294]

IN THE MATTER OF ORVILLE J. BOND, IN-DIVIDUALLY AND TRADING AS ZEPHYR RADIO COMPANY

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S. C. A. Section 41).

It is ordered, That Edward J. Hornibrook, an examiner of this Commission. be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered, That the taking of testimony in this proceeding begin on Wednesday, June 15, 1938, at ten o'clock in the forencon of that day (eastern standand time) in Room 921, Federal Building, Detroit, Michigan.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL]

OTIS B. JOHNSON, Secretary.

[F. R. Doc. 38-1580; Filed, June 4, 1938; 11:08 a. m.]

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 1st day of June, A. D. 1938.

Commissioners: Garland S. Ferguson. Chairman; Charles H. March, Ewin L. Davis, William A. Ayres, Robert E. Freer.

[Docket No. 3316]

IN THE MATTER OF ROBERT C. TAYLOR, AN INDIVIDUAL, TRADING AS MARVEL PROD-UCTS COMPANY

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41),

It is ordered, That Edward J. Hornibrook, an examiner of this Commission, At a regular session of the Federal be and he hereby is designated and apmission also act upon this Application Trade Commission, held at its office in pointed to take testimony and receive form all other duties authorized by law;

It is further ordered. That the taking of testimony in this proceeding begin on Monday, June 13, 1938, at ten o'clock in the forencon of that day (eastern standard time), in Room 921, Federal Building, Detroit, Michigan.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on bahalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON, Secretary.

[F.R.Doc. 38-1581; Filed, June 4, 1938; 11:08 a.m.]

RURAL ELECTRIFICATION ADMINIS-TRATION.

[Administrative Order No. 257] ALLOCATION OF FUNDS FOR LOANS

JUNE 2, 1938.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project Designation	Amount
Alabama 9022A1 Butler	\$184,000
Georgia 9084A1 Cobb	143,000
Idaho 9011A1 Kootenai	
Louisiana 9010A1 Washington	102,000
Oklahoma 9006A2 Caddo	
South Carolina 9009D1 Richland	
Tennessee 9009C1 Macon	211,000

JOHN N. CARLIODY, Administrator.

[F. R. Doc. 38-1567; Filed, June 4, 1938; 9:43 a. m.]

evidence in this proceeding and to per-|SECURITIES AND EXCHANGE COM-| MISSION.

Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C. on the 3rd day of June, A. D. 1933.

[File No. 32-91]

IN THE MATTER OF NEW YORK STATE LLEC-TRIC & GAS CORPORATION

ORDER RELATIVE TO ISSUE AND SALE OF HOTE AND ISSUE AND PLEDGE OF FOMES PREVI-OUSLY AUTHORIZED BY STATE COMMISSION

New York State Electric & Gas Corporation, a subsidiary company of NY PA the authorization of the issue and sale NJ Utilities Company, Associated Gas & Electric Corporation, and Associated Gas & Electric Company, registered holding of New York shall be revoked or shall companies, having duly filed with this Commission an application pursuant to Section 6 (b) of the Public Utility Holding Company Act of 1935 for exemption half of the pledgee, or its successors or from the provisions of Section 6 (a) of said Act of the issue and sale, by the applicant to the Rural Electrification Administration of the United States of America, for cash, at its face value, of a 2.88% Serial Note for \$250,000, to be cecured by \$336,000 principal amount of applicant's first mortgage bonds, 4% Series, due 1965, texemption also being sought for the issuance of such bonds as application, as amended, having been duly held after appropriate notice; ' the record in this matter having been examined: and the Commission having made and filed its findings herein;

It is ordered. That the issue and sale of such note, and the issue and pladge as collateral security of such bonds, be, United States of America—Before the and the came hereby are, exempted from the provisions of Section 6 (a) of the Public Utility Holding Company Act of 1935; subject, however, to the fellowing conditions:

> (1) That such issue and sale of such note, and issue and pledge of the bonds chall be in compliance with the terms and conditions of, and for the purposes represented by, said application, and in compliance with the terms and conditions imposed by the order of the Public Service Commission of New York.

> (2) That such exemption shall immediately terminate, without further order of this Commission if, at any time, of the note and issue and pledge of the bonds by the Public Service Commission otherwise terminate.

> (3) That such bands shall not be sold except at a bona fide sale by or on beassigns, to satisfy said note, or by the purchaser at such sale, or by his or its successors or assigns.

(4) That within ten days after the issue and sale of such note, and the issue and pledge of the bonds, the applicant shall file with this Commission its certificate of notification showing that the iscue and sale of the note and the issue and pledge of the bonds have been efcollateral security); a hearing on said feeted in accordance with the terms and conditions of, and for the purposes represented by said application.

By the Commission.

FRANCIS P. BRASSOR. [SPAL] 0 Secretary.

(F. R. Doc. 30-1593; Filed, June 6, 1933; 12:48 p. m.]

¹³ F.R. 1167 (DI).

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